

THE AMERICAN REVIEW OF REVIEWS

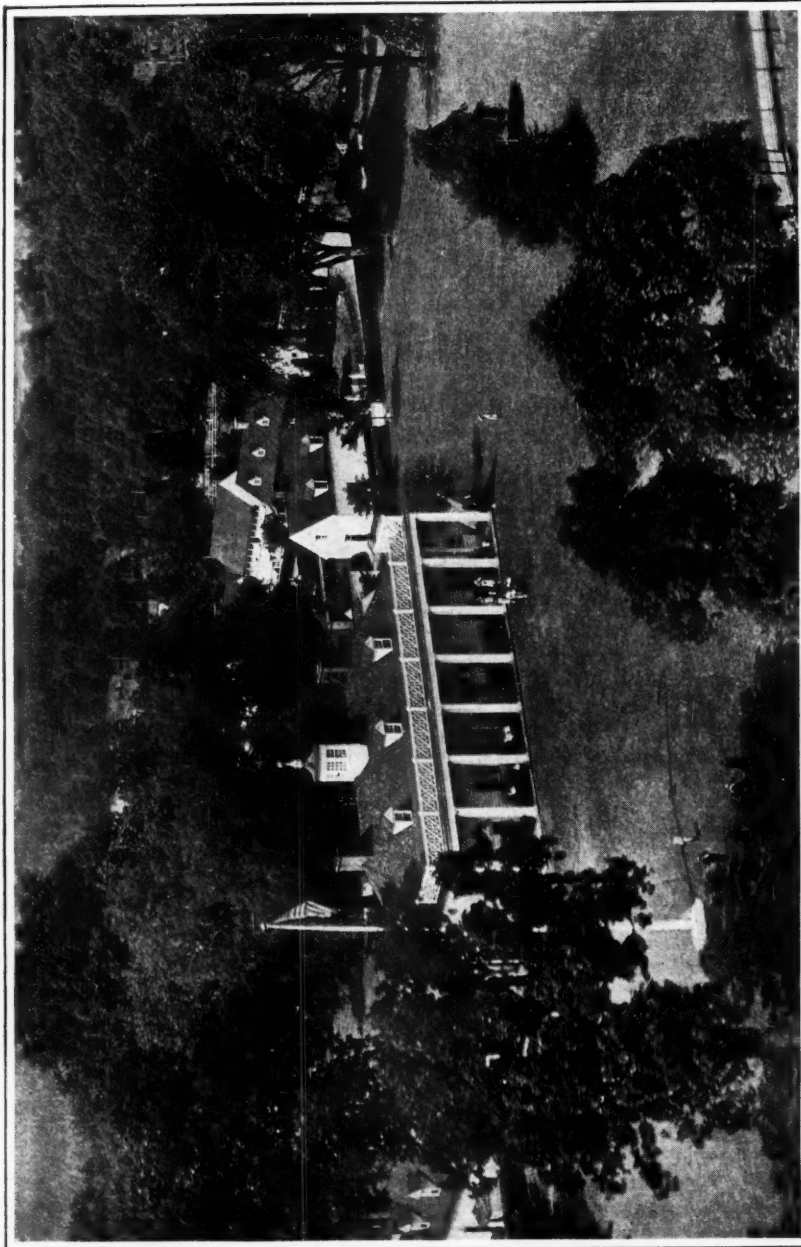
EDITED BY ALBERT SHAW

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TERMS:—Issued monthly, 35 cents a number, \$4.00 a year in advance in the United States, Porto Rico, Hawaii, Cuba, Canada, Mexico, and the Philippines. Elsewhere \$5.00. Entered at New York Post Office as second-class matter. Entered as second-class matter at the Post-Office Department, Ottawa, Canada. Subscribers may remit to us by post-office or express money orders, or by bank checks, drafts, or registered letters. Money in letters is sent at sender's risk. Renew as early as possible in order to avoid a break in the receipt of the numbers. Bookdealers, Postmasters and Newsdealers receive subscriptions.

THE REVIEW OF REVIEWS CO., 30 Irving Place, New York
Pacific Coast Office, 327 Van Nuys Bldg., Los Angeles, Calif.
ALBERT SHAW, Pres. CHAS. D. LANIER, Sec. and Treas.



United States Army Air Service

HISTORIC MOUNT VERNON, HOME AND BURIAL PLACE OF GEORGE WASHINGTON, AS PHOTOGRAPHED FROM AN AIRPLANE

(The Washington mansion is beautifully situated on an eminence overlooking the Potomac River, on the Virginia bank, fifteen miles south of the capital)

THE AMERICAN REVIEW OF REVIEWS

VOL. LXIII

NEW YORK, FEBRUARY, 1921

No. 2

THE PROGRESS OF THE WORLD

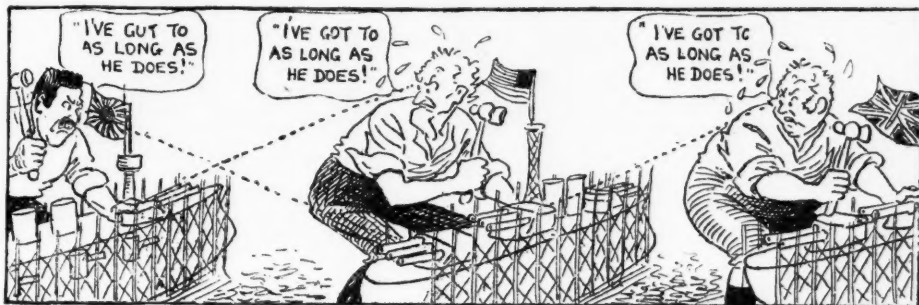
*Disarmament
to the
Fore*

The first month of 1921 brought a rapid focussing of attention on the need of reducing the great armaments of nations. All at once people seem to be realizing that the civilized world cannot longer afford their frightful cost in lives and money. It is not by any means the theoretical advocates of universal peace whose voices are now raised loudest to protest against the folly of wringing more dollars for soldiers and battleships from peoples already prostrate in fortune through indulgence in soldiers and battleships. General Tasker H. Bliss puts it as shortly and finally as any: "Our present form of civilization cannot stand the great strain of military preparation much longer." It is General Pershing who reminds us that the recent estimates for next year's expenditures for the Army and Navy of the United States mean an outlay of *more than \$5,000,000 for every working day in the year*. Hard-headed and skeptical business men have looked at the portentously mounting governmental expenses and find that more than 90 per cent. of the sums taxpayers are burdened with would not be needed except for the fact of war-making. Even France, usually thought the most militaristic of the nations of to-day—even France, still troubled by the nightmare of Germany's aggression,—has just reduced by half her term of compulsory military ser-

vice. The thing is in the air, and while everything cannot be done at once, as Mr. Simonds so clearly points out in his survey of Europe's small present opportunities for disarmament,—something must and will be done.

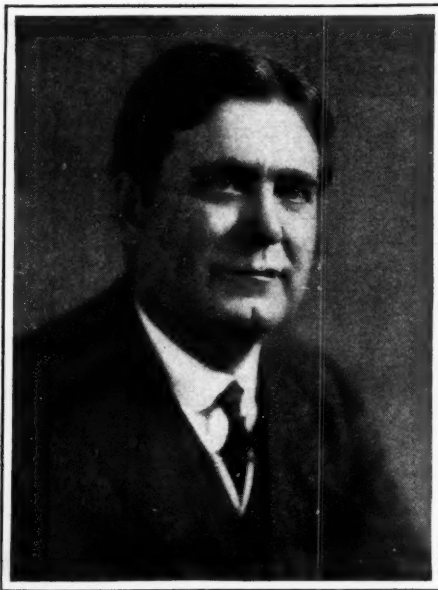
*The Way
to
Disarm*

The United States, better than any other nation in the world, can take the first step and prove the homely but very important fact that the way to disarm is to disarm. It seems certain that instead of continuing the present plan of recruiting 280,000 men, as authorized by Congress, we shall let the army strength settle back to around 150,000 men, which is ample for our police purposes. As to the navy, shall we continue to build \$40,000,000 battleships,—the first cost of each equivalent to the endowment of two great universities,—for the sake of possessing, by 1925, a navy more powerful than Great Britain's? In the present world situation, strained to the breaking point by the failure to produce and distribute the goods necessary to feed, clothe and keep warm the people of the world, is it a sane thing for unconquerable America to spend billions of dollars for a dreadnought navy whose only certain effect will be to cause further destructive expenditure, and which may, owing to aircraft and submarine development, be practically useless for war-mak-



ANOTHER VICIOUS CIRCLE—From the Tribune (Chicago, Ill.)

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SENATOR WILLIAM E. BORAH, OF IDAHO

(Who has initiated in the Senate a proposal for disarmament by mutual agreement among the great powers)

ing itself even before our Navy Department's proud program is completed? Men of all nations, of all political creeds, of all professions, are asking such questions and are coming strongly to the conclusion that the important thing is not so much whether Senator Borah's proposal (that the three sea-power nations shall reduce expenditures one-half for five years) is the best, or some other proposal is the best, but that the great and necessary thing is to do something and do it at once. Republican leaders are confident that by next spring our new President will have called the great powers into conference and that this business will be attended to without further evasion or maneuvering.

Congress and Disarmament

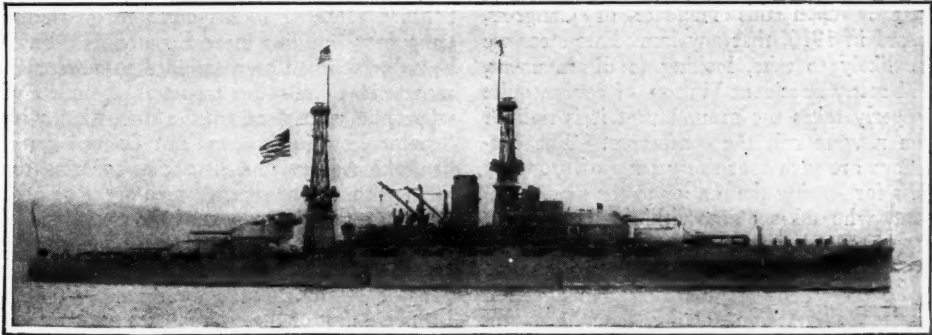
Specific proposals for disarmament took up an increasing amount of the time and attention of Congress during the past month. All proposals in this field are related intimately to the League of Nations, to our rejection of it, and to the plan

which Senator Harding is preparing as a substitute for our entering the League. During the war all the nations were, of course, engaged in a steady increase of their military and naval establishments. This activity and the spirit which underlies this activity would ordinarily have been expected to subside with the coming of the armistice. But during the Peace Conference and ever since America has gone steadily forward with a program for greatly increasing our Navy and with a plan for maintaining a standing army larger than anything we had ever thought of before the war and larger than is now deemed necessary by thoughtful students of the subject. It has been charged that this program on the part of President Wilson and his Administration has been intimately connected with their advocacy of the League of Nations. On the several occasions when President Wilson or Secretary Daniels, of the Navy Department, or Secretary Baker, of the War Department, have by word or action encouraged the idea of a larger Navy and a strong Army their attitude has seemed to say to the world, "If the League of Nations is not adopted, then we shall set the pace for an unbearable race in armament." They have seemed to have the disposition to use the threat of a great American Navy and a large American Army to give the world, including our own country, an object-lesson on the desirability of joining the League of Nations. Their attitude seemed to say, "Join the League or take the consequences of huge taxation and other incidents of America's building and maintaining the biggest navy in the world and a large



ACTUAL DISARMAMENT IN GERMANY

(Under the terms of the treaty of peace, Germany has disbanded her army, sunk or surrendered her navy, and is now engaged in destroying fortifications, guns, airplanes, tanks, and all the implements of war)



THE MODERN BATTLESHIP, AN INVESTMENT OF FROM TWENTY TO FORTY MILLION DOLLARS

(The United States Navy includes a dozen ships as large as this, not to mention hundreds of smaller craft. Besides the original outlay, there is involved the wages and subsistence of 1,600 men to operate a vessel like this. With increased size and higher prices for material and labor, new battleships would cost \$40,000,000)

army." To some extent this attitude is entirely defensible. The practicability of disarmament is contingent upon some form of agreement to disarm among other nations.

*Secretary
Daniels'
Attitude*

The attitude of Secretary Daniels, however, has seemed to say that the only possible alternative to a huge navy is the League of Nations. He has seemed willing to use the threat of a huge American Navy to force the adoption of the League, to the exclusion of any substitute for it. In his testimony before the House Naval Committee he said, "I had the sublime belief that we could be in the League of Nations, but that has not come. If conditions come about where there will be an agreement with all nations, we shall not go ahead with our navy-building program. Otherwise, we shall go ahead." Secretary Daniels expressed dissent and even suspicion of any agreement to disarm which should include merely the larger nations like America, Great Britain, and Japan. "I should be opposed," he said, "to any agreement that omitted any considerable number of nations like those of South America. I think it would be fatal for the United States to go into any agreement on disarmament, or take a holiday on shipbuilding with any limited number of nations. The whole thing in a nutshell is that the League of Nations was designed to stop competition in armaments. Every nation that joined the League has promised this. All they need is to get the United States into such a League."

*Senator
Borah's
Proposal*

Since the rejection of the League of Nations at our recent election it follows that if we are to have disarmament at all, it must come through some other approach. During January, Sen-

ator Borah, who has done as much as any other one man to prevent ratification of the League by the United States, initiated in the Senate a proposal looking to disarmament through a mutual agreement of the nations, covering this subject alone, without entanglement with the multitude of other subjects embraced in the League Constitution. Senator Borah had the air of doing this for the purpose of showing that while he was wholly out of sympathy with the form of the League of Nations, he was and is in sympathy with its principal object. Senator Borah's proposal incidentally made disarmament the subject of chief interest, not merely in our own Senate, but also in the capitals of Japan, Great Britain, and other nations. Other proposals, in addition to Senator Borah's, have arisen, and they take various forms. So far as America is concerned, most of them rest upon a provision which our Congress inserted in the Naval Appropriation Bill of as long ago as 1916. It is upon this declaration that any practicable thing we may do will probably rest. After the war in Europe had begun, but before we had entered the conflict, Congress spoke:

It is hereby declared to be the policy of the United States to adjust and settle its international disputes through mediation or arbitration, to the end that war may be honorably avoided. It looks with apprehension and disfavor upon a general increase of armament throughout the world, but it realizes that no single nation can disarm, and that without a common agreement upon the subject, every considerable power must maintain a relative standing in military strength. In view of the premises, the President is authorized and requested to invite at an appropriate time, not later than the close of the war in Europe, all the great governments of the world to send representatives to a conference which shall be charged with the duty, to consider the question of disarmament and submit their recommendations to their respective governments for approval.

It is upon this mandate of Congress, passed in 1916, that any immediate steps we are likely to take, looking to disarmament, will rest. President Wilson, of course, quite properly takes the ground that it is not for him now to call the conference. The conditions are such that every sense of propriety calls for leaving the matter to the new President, who takes office within a few weeks.

Until toward the end of January Senator Harding remained at Marion, giving thought to his Cabinet, to the substitute for our entrance into the League of Nations which he promised in his campaign speeches, and to acquiring information about domestic issues with a view to his inaugural address. For purposes of discussion of these and other issues, and in compliance with his campaign promise to consult the "best minds" of America, he invited to Marion a large number of leaders of thought in various lines. During the earlier weeks these conferences were concerned chiefly with our foreign relations and specifically with what Senator Harding is to propose as a substitute for the rejected proposal that America should enter the League of Nations. The conferences, of course, were private, but fragmentary hints of their substance reached the public. It was the custom for each visitor after he had talked with

Mr. Harding
and the
"Best Minds"

Senator Harding in his office to go to the temporary building near Senator Harding's home, which had been assigned to newspaper men, and to tell the reporters so much of what had transpired in the discussion with Senator Harding as was not deemed confidential. Abbreviated dispatches covering the talks with the newspaper men were printed widely in the newspapers of the country, and these dispatches formed whatever opportunity the public had to make inferences as to what Senator Harding's plan for foreign relations is to be. Out of these dispatches grew an impression, which was received with hope by those who believe in the League of Nations and with disfavor by those who oppose the League, that Senator Harding's plan would turn out to be in effect an entrance of America into the League after the League should have been greatly modified. How much there may have been in this surmise no one knows, for Senator Harding himself gave no statement to the public. Quite possibly this impression may have been due to the fact that throughout the earlier weeks a majority of Senator Harding's conferees were men who had been more or less identified with advocacy of the League and whose wishes colored the statements they gave out after their talks with the President-elect. It is not expected, of course, that Mr. Harding's own views or the policy which he will recommend will be known in advance of his inaugural address on March 4.



SENATOR HARDING ASKED FOR ADVICE
From the Times (Los Angeles, Cal.)

The
"Irreconcil-
ables"

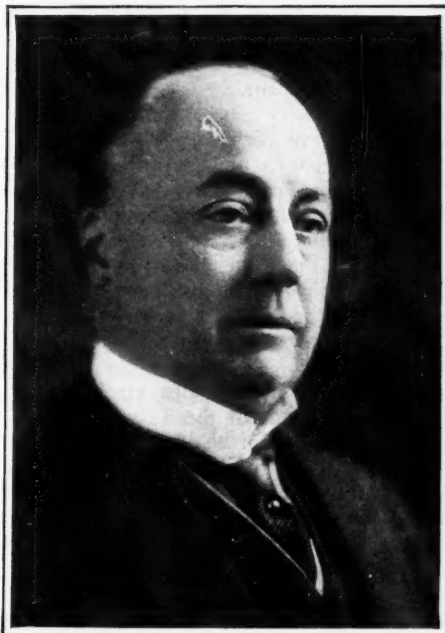
Among those Senators at Washington, whose thorough-going opposition to the League of Nations a year ago led to their being called the "Irreconcilables," there arose a spirit of apprehension about the reports coming out from Marion. Among these Senators there were a number of informal conferences. They found ways of making their unrest known to Senator Harding at Marion, and the President-elect through trusted messengers made some effort to reassure them. The end was that one of the leading "Irreconcilables," Senator Philander C. Knox, of Pennsylvania, was invited to Marion. Senator Knox laid before Senator Harding a formal memorandum setting out his program for our foreign relations. Senator Knox was specific in saying that he spoke for himself alone, but among those who were present and observed the events closely it was suspected that this was a diplomatic way of preventing any premature impression of a

breach between Senator Harding and any considerable number of Republicans in the Senate. It was and is believed that Senator Knox's program has the support of at least all of the Senators who have always been irreconcilable and probably also of several additional Senators who have moved toward the "irreconcilable" position during the past year. Some of the newspaper men who are in a position to observe the occasion closely spoke of the memorandum which Mr. Knox left with Senator Harding as an "ultimatum." Senator Knox repudiated this term and disavowed the spirit that the word implies. Nevertheless, the belief remains strong that there is a considerable number of Senators who stand behind Senator Knox and are determined that whatever plan Senator Harding may adopt about our foreign relations shall exclude any negotiation for identity with or entrance into the League of Nations in any form whatever, however much it may be modified.

*The
Knox
Proposal*

Senator Knox's proposal is that immediately after the opening of the new Senate, shortly after March 4th, he will introduce a resolution for peace with Germany by joint action of Congress. This resolution will aim to terminate the state of war with Germany, will provide for the disposition of German property in the United States, will request the President to negotiate a new treaty of amity and commerce with Germany, and will clean up all the other details necessary to end our present anomalous state of war with Germany and renew peaceful relations with that country. To this resolution Senator Knox proposes to attach an amendment, which amendment is in fact what he and the other "Irreconcilables" propose as a substitute and alternative to Senator Harding's plan for our foreign relations; and likewise as a substitute for any proposal that America shall enter a modified League of Nations. This declaration which Senator Knox proposes for adoption by Congress reads as follows:

It is the declared policy of the United States, in order to meet fully and fairly our obligations to ourselves and to the world, that the freedom and peace of Europe being again threatened by any power or combination of powers, the United States will regard such a situation with grave concern, as a menace to its own peace and freedom, will consult with other nations affected with a view to devising means for the removal of such menace and will, the necessity arising in the future, cooperate with the friends of civilization for its defense.



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SENATOR PHILANDER C. KNOX, OF PENNSYLVANIA

(Mr. Knox, who was President Taft's Secretary of State, proposes to establish peace with Germany by joint resolution of Congress)

*Alternative
to Entering
League*

This is Senator Knox's suggestion to Senator Harding as the policy America should pursue as a substitute for entering the League of Nations. In commenting on it, Senator Knox declared that such an official declaration of policy on the part of the United States "might prove worthy to serve with the Monroe doctrine as a fundamental doctrine of American diplomacy." Contrasting his proposal with the act of entering the League of Nations, Senator Knox called attention to the freedom it would provide from entanglements and its effect of a great moral force encouraging nations to agree. Further, it does not subject our judgment and conscience to the will of a foreign council." It was apparently in Senator Knox's mind that in addition to his proposal for peace with Germany by joint resolution and in addition to the public declaration of policy as a substitute for our entering the League of Nations, there should also come later on, separate from this and from each other, a number of other movements looking toward universal peace. On this point Senator Knox somewhat guardedly explained that his declaration need not interfere with the codification of international

law, a court to decide international questions of a justiciable character, or commissions to investigate questions threatening war, or disarmament.

*The
Harding
Plan*

How Senator Knox's proposal appeals to Senator Harding, no one can know. Whether the plan that Senator Harding has in mind is like this or unlike this cannot be told. Senator Harding has made no public allusion to his plan and probably will not make any until his inaugural address on March 4th. In his private conferences with visitors he has merely said that he takes seriously his promise to the people made in his campaign pledges to devise some program in the direction of permanent peace which shall be an adequate substitute for the League of Nations. He has said that out of his several weeks of conferences with leaders of thought he has evolved such a plan. He has evolved also a mechanism for putting his plan into effect, and he promises that within a week after his inauguration the machinery will be in motion for an adequate move in the direction of permanent peace as a substitute for our entering into the League of Nations. The details of Senator Harding's plan are the subject of widespread interest and speculation. He has been conferring for many months with representative citizens, and his policy will not be merely a preconceived notion. Senator Knox's proposal, of course, is in the spirit of extreme opposition to the League of Nations. So far as Senator Harding considers it, it will be necessary for him to query whether or not it fulfills his promise during the campaign to bring about "an association of nations" for peace and disarmament. Senator Knox apparently had this promise in mind, for, in advocating his plan, he said:

The declaration of a policy such as indicated, followed by a similar declaration by other nations, would constitute an association of nations bound together by a common purpose that neither parchment, sealing wax, signatures nor blue ribbons could make more obligatory or effective.

It is thus that plans for our future foreign relations now stand. There will probably be nothing new on this point until Senator Harding delivers his inaugural address.

*Congress,
Prices, and
Relief*

While Senator Harding was busy with elaborating a foreign policy and with his Cabinet and with the preparation of his inaugural speech, Congress at Washington was showing itself

acutely sensitive to the economic conditions of the country. As will be seen from Mr. George E. Roberts' article on the "Stupendous Fall in Values," printed in another part of this issue of the REVIEW OF REVIEWS, there has taken place throughout the business of the country and especially in the agricultural sections a decline of prices more rapid and more drastic than had ever before occurred. The Members of Congress and the Senators coming to Washington from the various parts of the country immediately showed themselves to be sensitive to the distress in their districts and fertile in devising plans for amelioration and cure. Not all of these plans, unhappily, were economically sound. One of the first expressed itself in the shape of a joint resolution of Congress which provided that the Federal Reserve Board should arrange for the member banks to "grant liberal extensions of credit to farmers," on the security of agricultural products now held by them, through the rediscounting of notes "at the lowest possible rates of interest." This resolution was quickly recognized by the sounder men in the Senate as one which gives the promise of a cure without its substance. As Senator Glass, of Virginia, said, quoting a colloquial classic, it merely "passes the buck" to the Federal Reserve Board. The resolution provoked immediate and incisive criticism from Senators who realized that, however bad the conditions and however strong the call on sympathy, it would do no permanent good to invoke a remedy that was itself not economically sound.

*House
vs.
Senate*

Senator Glass is a Democrat whose understanding of what is sound in finance and economy is proved by his part in creating the Federal Reserve Bank system. He said that "the resolution is not based upon an intelligent comprehension of the real facts, and the Senate will do itself discredit to imply a criticism of the Federal Reserve Board when it has only theory and opinion to present in opposition to actual facts and the truth." Nevertheless, in spite of the defects clearly pointed out, this resolution passed the Senate by a vote of 47 to 16. When the resolution went to the House, it met the same criticism. Congressman Strong, of Kansas, pointed out that the resolution was a "mere expression of opinion, not calculated to accomplish any favorable results, an ineffective clause which will be fruitful of controversy and barren of

results." In the end a surprising and unprecedented thing happened. A misleading resolution which had passed the Senate was thrown out in the House. The Senate had done the thing that was unsound, but popular. The House did the thing that was unpopular, but sound.

*War
Finance
Corporation*

A different effort to ameliorate business conditions was the act providing for the reestablishment of the War Finance Corporation. The War Finance Corporation was an agency of the Treasury which had been established shortly after the armistice, to facilitate exports, which, it was then apprehended, might fall off after the end of the war. The corporation functioned for several months and advanced considerable sums of money for facilitating exports of cotton, agricultural implements and other commodities to various countries in Europe. Last May, Secretary of the Treasury Houston discontinued the corporation on the ground that the necessity which it was intended to meet no longer existed. Exports, instead of falling off, were increasing constantly through the owners of private capital. The War Finance Corporation remained in suspension until Congress met. Shortly thereafter Senator Gronna, of North Dakota, introduced a resolution providing for its revival. It was recognized that, while the revival of the War Finance Corporation would necessitate an additional sale of Government bonds and would to that extent operate as a further step in inflation, it was nevertheless not otherwise fundamentally unsound. The resolution passed the Senate rapidly, and in the House met an equally sympathetic atmosphere. It was opposed by a few members who were insistent on economy to the last degree, but in the end it passed by a vote of 212 to 61.

*Passed
Over a
Veto*

When the resolution revising the War Finance Corporation went to the President for approval or veto, there was widespread curiosity as to what his course would be. It was generally anticipated that he would veto the bill, for it was his Secretary of the Treasury who had personally suspended the War Finance Corporation, and the Federal Reserve Board had approved the action. In the end President Wilson sent a strong veto message, saying, "It is highly probable that the most immediate and conspicuous effect of the resumption of the corporation's activities would

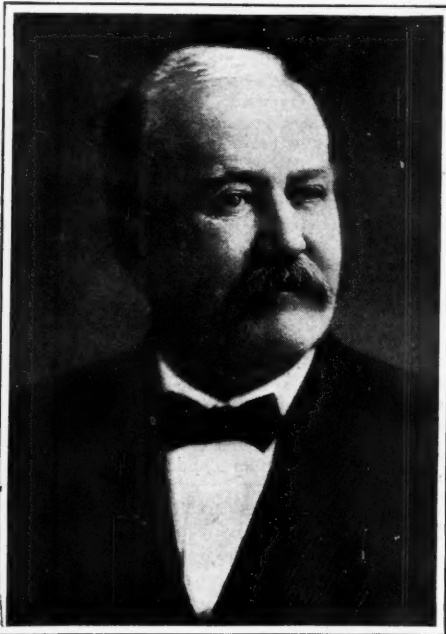
be an effort on the part of exporters to shift the financing of their operations from ordinary commercial channels to the Government."

I am in full sympathy, [the President said] with every sound proposal to promote foreign trade along sound business lines. I am not convinced that the method proposed is wise. On the contrary, I apprehend that the resumption of the corporation's activities at this time would exert no beneficial influence on the situation in which improvement is sought, would raise false hopes among the very people who would expect most, and would be harmful to the natural and orderly processes of business and finance. New burdens would be laid upon all the people. Further borrowing would in all likelihood tap the very sources which might otherwise be available for private operations which the Treasury is now compelled to reach in order to meet current operations of the Government. There is no question that the borrowing of the Government should be limited to the minimum requirement.

When the President's veto reached the Senate there was not an hour's delay in the effort to re-pass the measure. After only a few minutes' debate, the Senate passed the bill over the President's veto by a vote of 53 to 5. The five who voted to sustain the President included three Republicans, Keys, of New Hampshire; Elkins and Sutherland, of West Virginia; and two Democrats, Thomas, of Colorado, and Gerry, of Rhode Island. In addition to these, Senator Penrose, of Pennsylvania; Senator Edge, of New Jersey, and Senator Glass, of Virginia, announced that, owing to the fact that they were paired with absent Senators, they could not vote, but added that if they were permitted to vote they would sustain the President's veto. The following day the Lower House followed the Senate's lead by passing the bill over the President's veto by a vote of 250 to 66, and the measure thus became a law.

*Emergency
Tariff*

Another effort toward relieving the economic distress of the farmers by the fall in the price of their commodities and the stagnation of the markets for what they sell was the Fordney resolution for an emergency tariff. This bill quickly passed the House by an overwhelming vote and then went before the Senate Finance Committee. In this bill wool is given greater protection than any other commodity, the proposed duties ranging from 15 cents a pound on unwashed wool to 45 cents for scoured wool. It puts a duty of \$2 a head on sheep. On cattle the duty is 30 per cent., on peanuts 3 cents per pound, on beans 2 cents per pound, on rice 2 cents per pound,



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HON. JAMES W. FORDNEY, OF MICHIGAN

(Chairman of the Ways and Means Committee of the House of Representatives, which is now engaged in framing a general tariff measure for submission to Congress after Mr. Harding's inauguration)

on vegetable oils from 20 to 26 cents per gallon. On corn the duty is 15 cents a bushel, and on wheat 30 cents a bushel. Flour imports under the pending measure would carry a duty of 20 per cent. This emergency tariff bill has met with considerable opposition, and it is doubtful whether it can be made into law during the present session. Soon after the new Congress meets, the Republican majority will take up the work of a complete revision of our whole tariff system, as the Democrats did in 1913.

Inauguration Plans

The plans for the inauguration of President-elect Harding and for the various ceremonials, official and unofficial, in connection with it were originally in the hands of a committee of citizens of Washington. This committee, for various motives, some of them unobjectionable and some less so, laid plans for a celebration unprecedented in elaborateness. To a certain extent this represented a legitimate tendency toward public celebration of an important event, but to a certain extent it also represented the wish of Washington merchants and others to attract to Washington

the largest number of visitors. These citizens of Washington subscribed large sums of money, and Congress was asked to supplement the private subscriptions with even larger contributions. This proposal in Congress met with pointed objection, especially from Senator Borah, of Idaho. One proposal that the Government should permit the use of one of its large buildings for a ball on the evening of Inauguration Day met with especially sharp objection. It was pointed out that the mere expense of moving the furniture and records and otherwise disarranging the work of the clerks in the Pension Bureau would be \$50,000. Congress refused to permit the use of the Pension Building, and later on took further steps in the direction of limiting the lavishness of celebration for which preparations were under way. In addition to this attitude of Congress there was sharp disapproval on grounds of taste of the proposal to have a mardi gras or a carnival and otherwise to make the inauguration of the new President the occasion of what was described as much too barbaric and ostentatious for good taste. The end of it was that this criticism reached Senator Harding's ear and deeply offended his natural tendency toward simplicity. He thereupon addressed a communication to the officials in charge of the proposed celebration, saying: "I cannot longer remain silent without embarrassment and misunderstanding. Please convey to your committee my sincere wish for the simplest inaugural program



A SIMPLE CEREMONY, BUT JUST AS BINDING

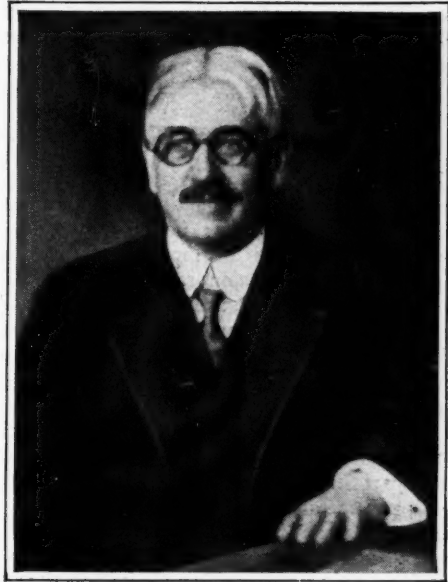
(Instead of having one of those fussy and expensive affairs, they are just going to drop in at the squire's and have it over with)

From the *Evening Dispatch* (Columbus, Ohio)

consistent with the actual requirements in taking the oath of office and the utterance of a befitting address. I very respectfully request that Congress will not appropriate and your committee will not expend any funds whatever. It will be most pleasing to me to have this ceremony take place in its simplicity and without a single extra preparation. This will require no expense and we shall be joint participants in an example of economy as well as simplicity which may be helpful in the process of seeking our normal once more. The impression of extravagant expenditures and excessive cost would make me a very unhappy participant." Mr. Harding's views were accepted, and the inauguration will be one of simplicity.

*Economy in
New York
State*

Among thirty-three State Governors taking office at the opening of the year the country's attention was largely focussed on New York's incoming executive, Hon. Nathan L. Miller, his promises to the people, and his recommendations to the Legislature. Governor Miller is a Republican and will have the support of a Legislature strongly Republican in both branches. In his inaugural address he made it clear that he is a firm believer in party responsibility for government. As to his own leadership while in office, he committed himself distinctly to a policy of rigid economy. His first annual message to the Legislature was chiefly a showing-up of the State's extravagant and wasteful fiscal policy as followed in the past, now by one party, now by the other, in fat years and in lean. Almost invariably the Legislature has involved the State in new expenditures without reference to present or prospective revenues. The budget appropriations for the current fiscal year amount to \$145,000,000, as against \$43,000,000 in 1912. In other words, the cost of State government for every man, woman, and child in the commonwealth rose in eight years from \$4 to \$13. This leaves local expenses entirely out of account. Department heads have asked for increases amounting to nearly \$60,000,000, but Governor Miller turns a deaf ear to their supplications and courageously demands that the coming year's expenditures be kept within the limit set by the present year's total. A head of a business house would not be considered unreasonable if he insisted on such a course. Why should not the Empire State's business be conducted with like sanity and prudence?



© Paul Thompson

GOVERNOR NATHAN L. MILLER, OF NEW YORK

(Governor Miller, who took office on New Year's Day, has demanded rigid economy in the use of the State's money)

*The Unemployed
Here
and Abroad*

France, England, and the United States are dealing with unemployment on a scale no larger than in the past (less large in this country), but far more completely recorded and before a public taught by the war how much can be done by the State, backed by the power to deprive men of personal freedom. War action is efficient because it can enforce obedience. Men remember its efficiency and forget its denial of liberty. France has about 500,000 unemployed in 40,000,000. France has no poor-house, recognizes no claim on the State for a minimum of food, clothing and shelter as in England and this country. It enforces by law and public opinion a family obligation for kin in need. This iron rule has made France the most thrifty and saving of all lands. Public opinion, therefore, justified the State in requiring enforced hard labor and the unemployed are to be set to work on war ruin, while aliens in need are to be deported. Here their residence would give them a right to the poor-house. In 1910, our foreign-born population was 16 per cent. of the whole, but of the inmates of poor-houses 42 per cent. were foreign-born. England has 540,000 unemployed in 45,000,000, but its share of the wretchedly poor is always large. London alone has more paupers (per-

sons receiving public relief) than the entire United States, with a population fourteen times as large as that of London.

*The Pauper
in England
and Here*

England has twelve times as many paupers to population as the United States. The unemployed families with public relief are breaking into the poor-houses and public buildings for shelter. The labor unions are strong and they insist on unemployment pay in proportion to the union rate. They refuse to allow men to work, as in France, on building, at less than union pay, however great the need. Of English ex-soldiers, there are 260,000 without work. Cable dispatches from England on January 15 declared that a million persons were totally out of work, besides as many more doing odd jobs or working part time. Here there is no army of paupers always on the edge of subsistence. The farm is always asking for labor. Private and personal relief is larger. Savings are greater, taking all its forms and not savings bank accounts alone. Credit is more general. Estimates place American unemployed at 2,000,000, probably an exaggeration. A part, probably a fourth, is seasonal unemployment. The average waste of unemployment from all causes, sickness included, in all years is frightful, over one-tenth of our working force. No social problem so calls for records, system and enforced labor on public work for which there is always demand.

*Some
Cheerful Signs
in Europe*

The whole world has been watching Europe, uncertain whether its desperate economic situation would bring utter chaos or whether, slowly and painfully, there would begin a movement toward financial solvency and industrial activity. The news coming to Americans has been doleful in the extreme. It must be remembered, however, that "news" is very apt to concentrate on the abnormal and to neglect the quiet, wholesome forces which are undoubtedly at work even in the worst-stricken parts of Central Europe. The sketch in this issue of the REVIEW OF REVIEWS of the prodigious business activities of Herr Stinnes in Germany gives a forceful impression of the presence, even in that defeated and distracted country, of strong and hopeful men bent on industrial reconstruction on the largest and boldest lines. With a definite fixing of the sums Germany must pay in reparation, there may well come a real start toward trade activity and financial solvency.

*European and
American
Wages*

It must not be forgotten that when the exchange and shipping situations make possible the entry of Europe into the lists of world trade, she will have the very powerful advantage, as compared with America, in her wage costs of production. Thus, whereas a skilled mechanic in the United States now receives about \$45 per week, he is paid in Germany the equivalent of about \$4.68 per week; in England, \$14.70; France, \$8.31; Italy, \$5.47. Of course these figures, quoted for comparison, would change with the rise or fall of European exchange. They do, however, suggest that when America's great present advantage in the matters of raw materials are modified, Europe must be reckoned with in the world's markets. Mr. E. T. Farnham, of the Society of Industrial Engineers, who has just completed a lengthy survey of European industrial conditions, has reported the figures just quoted. He finds that the efficiency of these countries, gauged by the number of automatic machines operated by one man, is as follows: United States, 4 to 6; England, 1 to 3; France, 2 to 3; Italy, 1 to 2; and Germany, 1 to 2. In Germany, 4 had been the average before the war, and the movement is toward this pre-war basis. Mr. Farnham found, in every country he traveled through, the most modern iron and concrete factory structures, equipped with American machine tools, running with modern methods and, generally speaking, a higher operating efficiency than before the war.

*Europe's
Export Trade
Reviving*

Already the figures of foreign trade of the European countries are showing a healthy and, in some instances, an extraordinary increase. Our Department of Commerce has obtained from American Consular offices some striking facts: Belgium had an export trade during the first nine months of 1920 more than six times as great as during the corresponding period of 1919. The first five months of last year Germany's exports were over 23,000,000,000 marks, as compared with 1,200,000,000 marks the year before; the first ten months of 1920 Great Britain's export business nearly doubled. Turning to Belgium again, whereas the signing of the armistice found one-third of her factories ruined, and her transportation and telephone and telegraph systems practically garroted, it is now apparent that within the next six months every industry except steel will have attained pre-war production or better than that.

France and
Great
Britain

This REVIEW has given some of the remarkable facts concerning the rebuilding of the devastated territory of France and the regeneration of her prostrated industries. The Government has recently been successful in floating an international loan of fifty billion francs, using it to reduce its indebtedness to the Bank of France and to reduce correspondingly the note circulation of that institution. Whereas the first ten months of 1919 showed an adverse balance of trade of nearly twenty billion francs, the corresponding months of last year showed less than eleven billion, owing to a net increase in exports for that period of no less than eleven billion francs. Great Britain has been seemingly having nearly all the troubles one country could have; but the ominous coal strike has been settled with an understanding attitude on the part of labor leaders. British labor and socialist representatives have visited Russia and have decided emphatically against the Soviet system for their country. The British Treasury is in the current fiscal year paying its way and reducing indebtedness. The gold held by the Bank of England increased from 91 million pounds on December 1, 1919, to 127 million pounds last December. In eleven months of 1920 Great Britain's exports grew so fast as to reduce the current adverse balance of trade by no less than \$600,000,000.

Refloating the
Loans of
Our Allies

These sturdy efforts of European countries to rehabilitate their war-torn trade and treasuries are further encouraged by the arrangements, practically completed, for refunding our war loans to them. Great Britain owes us five billion dollars and our other allies nearly as much more. The debt is now in the form of demand notes and it has been arranged, except for details of interest rates and maturities, that we shall take long-term bonds in place of these notes with interest at a rate not greatly different from that originally stipulated. This rate was made by our Government to cover the costs to it of raising the money through the issue of Liberty Bonds. We have taken the stand that we should not profit in any way from making these advances, but should simply get back what they had cost us. In the coming refunding operation Great Britain and other debtors will give bonds covering interest as well as the principal of the loans. Announcement of this was followed by recovery in English exchange—the price of pounds sterling in dollars.

Uncle Sam's
Own Balance
Sheet

There are now \$19,500,000,000 of Liberty Loans outstanding, \$2,700,000,000 Treasury Certificates, and \$800,000,000 of War Savings Certificates, and a total gross debt (December 1 last) of \$24,175,000,000. The peak of our indebtedness came on August 21, 1919, when the nation owed \$26,596,000,000. The 1917 debt was \$2,700,000,000; in 1914, just before the war, the figure was \$967,000,000; at the time of the Spanish War it was \$1,046,000, and the highest Civil War-time debt was \$2,381,000,000. From these figures it will be seen that we have reduced the national debt from its highest figure, seventeen months ago, by no less than two and one-half billion dollars; our net indebtedness now, using as offsets cash in the Treasury and our loans to foreign governments, is but little over fourteen billion dollars. The Treasury experts figure that we shall pay this off in about twenty-five years. For the current fiscal year ending June 30 next the Treasury sees a gross deficit in the twelve months' operations of two billion dollars. This contemplates, however, the payment out of income not only of the sinking fund items for Liberty Bonds—about \$300,000,000—but for the redemption of War Savings Securities and other miscellaneous principal payments on debt, and no less than two and one-half billion dollars



THE REAL PROBLEM

CONGRESS: "How are we going to get more money into the barrel?"
UNCLE SAM: "Maybe we'd better stop some of the leaks."

From the Citizen (Brooklyn, N. Y.)

to redeem Treasury Certificates falling due. This Treasury estimate will, however, undoubtedly be changed by acts of the new Congress and probably by the funding of certain items instead of paying them from income.

*Business
Already
Revolving*

Mr. George E. Roberts, in his article in this issue of the REVIEW OF REVIEWS, gives with some detail the facts regarding the unprecedented drop in prices in America and the recent resulting shock and dislocation in trade and business. In another brief but very lucid article, Doctor David Friday explains how recovery from the present stagnation will come. A cheerful note was sounded in an address on January 8 by Mr. W. P. G. Harding, Governor of the Federal Reserve Board. Mr. Harding, whose position as directing head of the nation's financial system naturally restrains him from any but very cautious utterances, announced that all danger of a panic had passed and that there are already signs that the country-wide depression will soon be relieved. He finds the great woolen and cotton industries apparently close to better times; even the Non-Partisan League's Bank of North Dakota is circularizing the farmers with advice to abandon the plan of holding wheat for a fixed price and to sell it in an orderly way at market prices. It is obvious that nothing will aid business in coming back so much as such a frank facing of facts by business men. The manufacturer with large inventories purchased at higher prices must certainly be as willing as the North Dakota farmer to sell his product at going prices and take his losses. Employers who are afraid to open the question of absolutely necessary wage reductions for their employees are not helping themselves or business in general or the employees. Within fair limits, it is absolutely necessary for the continuity of employment that wages should be governed by the facts of 1921 rather than of 1919. While labor, on the whole, has been willing to face the facts, the tendency of the cost of living to lag behind drops in wholesale prices makes the problem hard. As Mr. Roberts says in the bulletin of the National City Bank: "The time has come for a new study of costs. We have suddenly come back to the old situation where the producer does not name his price, but learns the price at which the market will take it and sets himself to the task of supplying it at that figure and at a profit."

*Indignant
Tobacco
Growers*

Some of the effects of deflation and trade readjustment have a very strongly picturesque side. On the first business day of the New Year the great tobacco auction of Central Kentucky opened at Lexington only to see the utter collapse of the trade, owing to bid prices which the growers were absolutely unwilling to accept. This is the annual occasion when the agents or manufacturers come to Kentucky to meet the growers on the sales floor and buy the past season's crop. Five and one-half million pounds of tobacco were on the auction block and only a little over 100,000 pounds were sold. Some of the bids at one cent a pound were said to be for tobacco that brought from twenty to thirty cents last season. Many farmers are declaring they will not raise any crop for 1921, and hundreds of them are taking their tobacco back and storing it in barns. The Growers' Association, with a membership of many thousands in Kentucky, West Virginia, Ohio, Indiana, and Tennessee, is organizing a marketing company for coöperative selling of the lower grades of tobacco to European and Japanese buyers. The "freezing" of credits granted to farmers on their tobacco crop through the failure of the crop to move led to some local bank troubles and to intense feeling against the buyers.

*Railroad
Traffic Signs,
Too*

It is inevitable that the marked slowing up of business should bring a smaller volume of traffic to the railroads. The tons of freight carried in 1921 will be decidedly less than in 1920. The railroad managers are not, however, frightened by this. They are confident that savings in costs of operation, together with the higher rates and the economical methods they are straining every nerve to install will offset the effect of a smaller volume of business on net income. The year 1920 was a record one for volume of traffic in the history of American railroads. In the matter of efficiency, the railroad managers are making a good showing. One of the most important factors in the science of railroading and one that the great railroad genius, James J. Hill, saw and utilized before most others is the carrying of maximum train loads. *The Railway Age* tells us that our transportation systems, as a whole, have made really wonderful progress since 1915 in this fundamental matter. In that year, the average number of tons hauled per train was 474½; in September, 1920, it was 767, an increase of 61

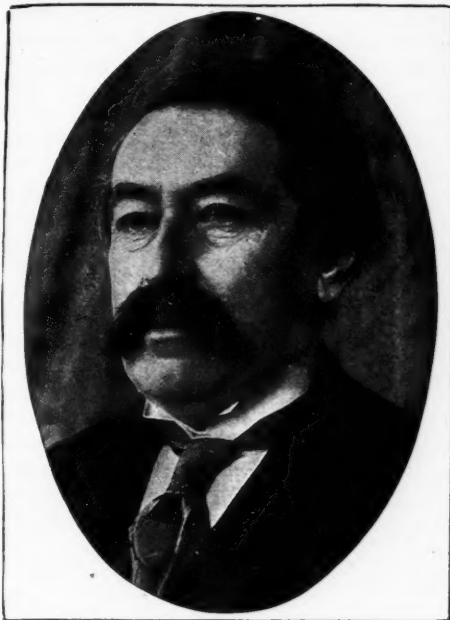
per cent. This extraordinary showing was chiefly due to the increase in the number of tons per car; the average number of cars per train during the five years increased from 34 to 39. In this period of five years, the average carload also made a great improvement, from 21.2 tons to 30.1 tons. These rather dry statements of tons and percentages mean nothing less than the savings of hundreds of millions of dollars per month and the railroad managers are using every effort to get the full coöperation of shippers and the public to push their efficiency program still further.

*Six Per Cent.
Not Yet
Being Earned*

In spite of these energetic and successful efforts to make each unit of the railroad plant do more work, and in spite of considerably higher rates, the railroads as a whole are failing by no less than twenty million dollars a month to earn the six per cent. on their aggregate property valuations prescribed by the Esch-Cummins Act. The Association of Railway Executives has issued a statement showing that the net railway operating income for October was 18.4 per cent. below the amount Congress stipulated they should earn, with directions to the Interstate Commerce Commission to allow such rates as would produce the 6 per cent. In other words, judging by October results, the roads are earning 4.9 per cent. instead of 6 per cent. In every district the railroads fail to show a net income of 6 per cent. The eastern district was the worst off, the failure there being 29.7 per cent., the southern 16 per cent. and the western 9.2 per cent.

*New England
Roads
Worst Off*

The Interstate Commerce Commission is investigating the refusal of railroad commissioners in seven States to bring intrastate rates to the level recently authorized by the Commission. The roads are losing millions of dollars through the refusal of these State authorities to accept the instructions of the Interstate Commerce Commission and this is one of the reasons why the income account of the roads is failing to show the results anticipated by the Commission. Another very large factor is the abnormal prices of coal, which during the past three months has been costing the railroads more than it has cost at any time within the past generation. Coal prices have now begun to decline, but little relief has yet come in that field. In the particular case of the New England roads, where there is much the largest margin of failure to earn the



M. ARISTIDE BRIAND, ONCE MORE PREMIER
OF FRANCE

promised 6 per cent. on the value of their property, there are particular factors—very short hauls and quantities of small shipments—that have led the representatives of these eastern railroads to make urgent appeals to the Interstate Commerce Commission to raise still further the freight rates of that section. It has been pointed out to the Commission during the last fiscal year that the New England roads earned only 1.04 per cent. on their invested capital.

*French Elections
and Millerand's
Plans* President Millerand has entered on the difficult task of changing the French Constitution. As it has been worked hitherto, the President has played the part of an English king, an umpire between the two parties, accepting any ministry which can secure a majority in the Chamber of Deputies. This has given transitory ministries, save at some great crisis like the war and no settled foreign or domestic policy, but it has also given an impartial center of authority in the President, of great value. President Millerand had placed M. Leygues in power as Premier to push German payments before May 1, the treaty date. M. Leygues had not been sufficiently active or persistent, and was refused a vote of confidence by 463 to 125. After M. Raoul Peret, President of the Chamber of Deputies, had

failed in the attempt to form a ministry, M. Aristide Briand was called to the Premiership for the fourth time in his career. France proposes to have the indemnity paid forthwith as the treaty provides, and President Millerand will have the country behind him in this policy. Beyond that, on some less exigent issue, no one can predict, but M. Millerand has the advantage of a France more and more conservative. The Senate has 314 members chosen by the department councils of whom 98 have just been elected for three years. Of the 75 running on January 9, 54 were Radicals and were the core of the Radical vote. Nearly one-half, or 21, were defeated. The Radical party had 120 Senators. It is left with only 99. France still keeps 900,000 men in arms, twice its peace army in the past. The peril of such a force is the temptation to use it by the government. The French people will recoil when military action is asked.

*The
Deadlock
in Ireland*

Parliament has passed a new Home Rule bill whose chief departure from the previous measure, practically rejected by a majority of Ireland, is that each part of Ireland is given the privilege of starting a separate home-rule government. If either part rejects, the other can organize and go on. In "Ulster" one Parliament is to be elected and in the rest of Ireland another. The "President" is appointed by the English ministry. A council exists to unite the two. If either part refuses to elect a Parliament, English rule continues there. The result no one can predict. Both may reject the proposed Parliament for directly opposite reasons; Ulster to stay in the United Kingdom and the rest of Ireland to leave it. Mr. Lloyd George urged the measure in the hope that a sane minority would at least vote and begin self-government, but he admitted that the English Parliament to be chosen three years hence would have to take up the subject. Order has broken down on both sides. Every scheme and plan has so far failed. After all, when a country fails in governing another, an impartial world is apt to feel that this is a good reason for some new step.

*The New
Viceroy
of India*

Lord Reading's selection as Governor General of India recognizes the administrative and electoral changes wrought by the Montagu-Chelmsford report and the "Government of India Act" of 1919. Being Viceroy, the

Governor General had to be a great peer, weighty for his rank and sometimes of very great ability and force, not always. The early Governors General governed; the later ruled like Parliamentary sovereigns. Of the last thirteen Governors General, only one has been visibly able, Lord Curzon of Kedleston. Lord Reading, born Rufus Isaacs, a Jew, once a stock broker, barrister, Chief Justice, Ambassador to Washington in the war, is supremely able. His selection breaks with the aristocratic tradition of the past at Calcutta and recognizes that the task of coping with the complex conditions brought by the Montagu-Chelmsford Indian Government Act requires capacity to manage men, masses, peoples, and a new machine, administrative and judicial, part selected, part elected and part chosen by birth, religion, race, and competitive examination. Past Governors General had a council of only six appointed. Add sixteen members, part appointed, part holding certain offices, and the Council of State became a supreme legislature—lawmakers for 320,000,000 of people. Lord Reading has a Council of State of sixty, twenty of whom only are officials. The rest are elected or selected for the offices they hold. The new legislative assembly numbers 140 members, of whom 100 are chosen by a varied electorate.

*American
Precedent*

Early, India had three provinces, Bengal, Bombay, Madras. Later (1892), nine, and by the present measure there are fifteen. Each has its chief English ruler, each its Council of State, part administrative and part law-making, and each of the fifteen its separate legislature, 70 per cent. elected, the rest officials. The central executive and legislature deals with one set of subjects and the provincial with another set. This follows our Federal Constitution and the combination of elected and appointed members of administrative and legislative bodies is modeled on the act creating our government for the Philippines. "Made in America" could be branded all over this new machine for the government of a fifth of the human race. If we had not gone into the Philippines and shown that Asiatics could be trusted to vote, neither Anglo-Indian administrators nor Parliament would have organized and enacted this complicated federalized government. Lord Reading has the great lawyer's facility for persuading people to agree and the skill of a great judge

in adjusting and defining the boundaries of differing jurisdictions. He has, besides, financial genius. He begins the most difficult constructive task which the war has brought into being, the one great advance in colonial administration framed by one branch of the English-speaking race by following the example of the other.

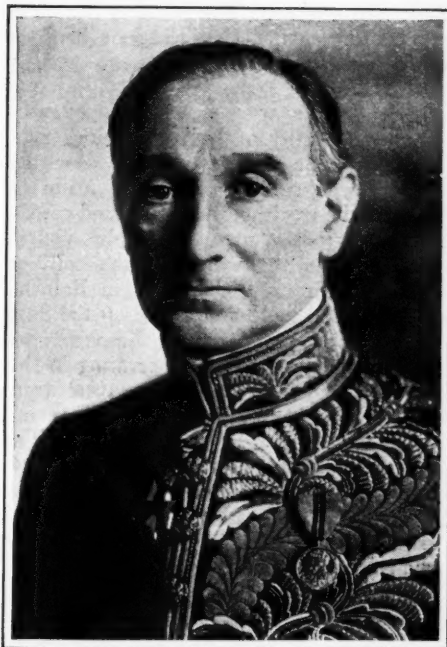
*India
Disturbed but
Obedient*

Lord Reading not only faces a new government machine which none but the Englishry would venture launching, but he rules an India disturbed as never before. India suffers from England's great educational error in its vast Asiatic dominion. Unrest in India turns on England establishing universities, but not public schools. Like our failure to establish vernacular schools on an adequate scale in the Philippines, so England, instead of beginning with educating the mass, has given the few the knowledge which unsettles, but it has denied the many the plain and simple education which stabilizes. Cost has been in the way; but half of the \$228,000,000 spent yearly on the army would have done more to make English rule secure if it had been spent on schools. The more who read and write, if rule be just, the smaller the army needed. As it is, a film of discontent is spread over India by an educated class which has vast ignorant millions below it. In Mexico, in most Latin-American states, even in Haiti and in Santo Domingo, there is present the same large relative outlay for higher education, the same illiterate masses, the same discontent, the same use of the uneducated many for the ambitious designs and often vague and patriotic purposes, fruitless or worse, of the educated few.

*How Indian
Discontent
Works*

The new and more liberal constitution given India has divided discontent by enlisting many in political plans, purposes and agitation for the elections. The effect of this on the efforts to bring on revolt or revolution has led Gandhi, a leader of the opposition to English rule, to turn to a course familiar in Oriental protest against despotism, by commanding abstinence from all political action, by refusing government office or resigning it and by taking no share in elections as candidates or voters. This has spread widely. It has set religious bigotry at work, those who died in office being in some cases refused burial by Hindu and by Moslem, but in no large number. The movement has failed. Mos-

Feb.—2



© Bachrach

LORD READING, THE NEW GOVERNOR-GENERAL
OF INDIA

(Well known in America because of distinguished service as high commissioner and special ambassador from Great Britain during the war period)

lem discontent has taken a more serious form. The Mohammedan population of India proper, 70,000,000 to-day, is one-fourth the whole. It is incomparably the more warlike, if the Sikhs be excluded. It is stirred to its depths by the headlong defeat that has befallen one Moslem power after another in the Great War. Turkey, Persia, the Central Asian Khanates, all emerge shattered. Afghanistan is weaker and the Pendjeh settlement of 1887 between Russia and England gave the former control of the approach from the north by railroad lines which threaten Herat on one side and Murghab on the other. To Merv, the English built in the war a highway through North Baluchistan at heavy cost, but since abandoned. The Moscow government is rapidly sending troops to Batum and Baku, gathering troops for action in Turkey, Georgia, North Persia and the approaches to Afghanistan. Fanatic agitation has run through the Moslem population of India leading to local risings, a vast pilgrimage of 30,000 to Afghanistan, and bitter discontent at the preponderant influence of Hindus

in the new régime. The Moslem is a first-rate fighting man. He is a poor hand at politics, agitations, and elections.

*India in
the War
and Now*

The war proved the essential loyalty of India to British rule. The native princes were all loyal. Large subscriptions were made by them and the wealthy of all races and creeds. A steady stream of men and supplies poured from India to the war. In the collision with the Amir of Afghanistan, in Baluchistan, in Persia, south and north, on the Suez Canal and in the Ottoman Empire, two-thirds of the English forces operating in this area of 1,500,000 square miles were from India. India has been given its place and vote in the Geneva World Assembly. The great prizes of the British Empire are now for the first time within reach of Hindu and Moslem, with all the remaining score of races. The upper class and the wealth of India is more loyal than ever. The vast mass is quiescent. The educated stratum, when unemployed, sees this with discontent and furnishes at the same time the most loyal, the most efficient and the most useful of those holding judicial and administrative posts. All the efforts to forge revolt out of this discontent failed and still fail. In the war, a sepoy regiment rose in Singapore. Burmah teemed with plots. The Ghadr movement in the valley of the Indus just missed setting the Punjab in flames. A Sikh regiment was on the edge of mutiny. Scores and hundreds of men were executed. Local revolts were suppressed, with slaughter large and small. Those charged with keeping order went to unjustifiable severity, as at Amritsar. In the past year, falling prices on Indian exports, cheaper imports and the fluctuations in silver have strained Anglo-Indian credits. Much local distress exists. But at the top, ruling houses, land proprietors, bankers, the wealthy and the vast, silent, inarticulate mass remains, the former actively loyal to British rule and the latter acquiescent and, in field or city, unwilling to enter on revolt.

*Turkey, Persia
and
Their Future*

If the Bolshevik army remains efficient and enters on the Asiatic campaign for which it is preparing, the real strain will come when Afghanistan, Persia and northeastern Turkey are attacked. Persia is without defense. As to Afghan action no one can predict. The Nationalist party in Kurdistan and Anatolia

will welcome a Russian ally and create new difficulties for England and France in the Ottoman Empire. Lloyd George, in the last debate in Parliament, declared that these difficulties must work themselves out. There were no forces available for the defense of these regions. Neither England nor France could act. This leaves to a common destruction the Armenians and other Christian races, of whom the Georgians are the most numerous, North Persia and the whole border from the Black Sea to the Hindu Kush. The English have ordered that all Englishwomen in Teheran and the northern cities of Persia shall go South to the English lines. This is the significant end of the attempt for a year past to quicken the Persian Government into action. As near as November, 1919, the terms forced on Turkey required the evacuation by Ottoman troops of North Persia. The allied troops were to occupy the railroads of Caucasia and English troops then held Batum-Baku and its oil-fields. If "disorder" came in the six "Armenian" vilayets—about as large as New England, New York and Pennsylvania—the Allies were to occupy them and the Turkish railroads. France was to occupy Cilicia and protect the Armenians there. At Haudjin and elsewhere, they have been massacred with the French in occupation of Cilicia. The Turkish railroads are in Turkish hands. Friendly Turkish and Soviet armies hold Caucasia. Georgia and Armenia are left to their fate. The delay of the Shah and the "Mejlis," or parliament of Persia, to ratify the treaty England offered for alliance and protection is on the whole justified. The members of the Mejlis have refused to meet. If they met and England and France did as little to protect them as they have done for the Armenians, the Persian Government and the members of the Mejlis would be doomed when spring came. Troops are pouring into Baku, a private cable says, at 2000 a day. North Persia has no defenses.

*Secret
of Turkish
Power*

The explanation of this sudden reverse of what seemed early in 1919 to be the certain partition of the Ottoman Empire is exceedingly simple. The heart and strength of Turkish power since Ottoman, the founder of the Empire, drew his sword 630 years ago are the 10,000,000 to 12,000,000 Ottomans and Kurds in Asia Minor and in the plateau as large and about as high as Colorado in East Turkey. These two races furnish the one

solid fighting race of all the tangled peoples between the Indus and the Danube. Other races there are in that region as brave, more civilized and more merciless. There is in it no one body united by faith given to arms. In the last seven centuries, from Saladin to Mustapha Kemal Pasha, they have always thrown up an exigent leader, silent, strong—a good soldier, capable, somehow, of organizing fighting men. Two years ago next May, Greece occupied Smyrna without resistance. France went into Cilicia a little later and occupied the region without loss. England held a scattered line from Baku to Batum. The Turkish Army had only peasants, willing to live on nothing and keep on fighting. They have forced a revision of the treaty of Sèvres and checked the division of Turkey.

*England's
Attitude*

England is wisely retiring to territory near the Persian Gulf. Mosul and the region to Basra in Mesopotamia is not only easily defended, but holds all the oil yet discovered. South Persia and the Karun River can be held against any force which has crossed the sterile desert of central Persia or come through the mountains out of which the Tigris breaks sixty miles above Mosul. So in Baluchistan and the Northwest Province of India, if invasion come, it will, exhausted by an almost impossible march, attack forces whose base is on the sea. England on a large scale is preparing another Torres Vedras such as Wellington defended on the Atlantic coast of Portugal and ended in due time triumphant in South France. But this cannot interfere with the prospect that sheer tenacious Turkish fighting will at length leave a Moslem realm holding Asia Minor and Kurdistan, though it may find itself as the price of assistance a vassal of the Moscow government. By that time the group of men, "the Pashas," who manage Turkish affairs, all of whom are on the side of Mustapha Kemal Pasha, openly or secretly, will be ready for an alliance with Western Europe.

*Greece and
Its New
King*

King Constantine has announced that he will keep the Greek Army on the victorious march begun by the policy of Venizelos. Neither King nor people can do this. The Greek Treasury cannot feed, supply, or pay the army it has in Smyrna and a part of the coast of Asia Minor. While no truce is announced, the usual exports are crossing the Turkish line

and are shipped from Smyrna—not in the usual amount, but enough to give every prospect of some peaceful arrangement in the near future. Greece voted as it did to bring its army home. Exactly the same conditions and the same public sentiment which paralyzes "vigorous action" by the English and French governments will act in Greece. Even with its new territory and the large revenue that can be drawn from Salonica and Kavala, Greece cannot meet its civil budget, pay the interest on its debt, and keep an army in the field. Our country has loaned Greece \$41,000,000 on which no interest has been paid or will be. A large part of the Greek revenues—\$18,000,000 out of \$220,000,000 of receipts in 1919—is pledged to pay interest on debt incurred before 1898. The new provinces have nearly doubled the revenue of the Greek exchequer, but they do not furnish enough to meet this new debt charge and also spend about \$105,000,000 on an army in the field. Called to defense, a country can fight without revenue. But a war of invasion cannot be waged in this fashion, and a Greek army in Smyrna is practically under the orders of the Allied fleets. Were the Balkan States united, they could occupy Constantinople and Anatolia. Divided by bitter enmity, the utmost they can do is to keep the peace and husband their resources. The Greek Army will remain in Smyrna as long as it aids the Allies in reaching some permanent arrangement with the Turkish Government at Angora, which is, it must be remembered, just as anxious to keep the Moscow army from entering Turkey as are the Allies.

*Italy, Fiume
and
D'Annunzio*

Italy, under the same iron necessity, has made a fair arrangement with Yugoslavia over Fiume. In principle it follows the plan proposed by President Wilson. The three points he proposed were that Fiume should be a free city, that Yugoslavia should have direct and unbroken access to the Adriatic, and that Italy should have naval advantages in the Adriatic which would protect its coast and maintain its due control of the sea. All this has been yielded. Italy has wisely ceased to push its earlier plan to create a substantial suzerainty over the Balkan States, beginning with Yugoslavia. By holding the approach of this state to the Adriatic, Italy could bring pressure to bear on its policy. By controlling Albania, trouble could always be made for Greece, to say nothing of the Greek coast at the mercy of the Italian Navy. Albania, under control,



GABRIELE D'ANNUNZIO

(The Italian patriot-poet who seized the disputed city of Fiume in September, 1919, and held it against the wishes of the whole world until ousted by troops from his own country in December last)

could always be employed to raise questions as to the interior of the Balkans, where the boundaries of both Greece and Jugoslavia meet the uncertain borders of Albania, still at the tribal stage of development. Italy has left Albania a larger share of self-rule than was originally proposed when the Albanian coast was in large measure in Italian hands. Fiume, an Italian city in a Slav population, will have all the woes, pains, and perils of Danzig. The Congress of Vienna made Cracow a "free and independent city" through a joint treaty of Russia, Prussia, and Austria in 1815; but the situation proved such a nuisance to its trade and "the respectable and peaceable inhabitants of Cracow"—to quote the proclamation annexing it to Austria—that, in 1846, Cracow was gathered in by Ferdinand I, at a time when Ferdinand and Metternich were remaking a number of liberal boundaries made at Vienna in 1815 and unmade from 1830 to 1848. A Slav gate to the Adriatic has existed since the Tenth Century. It is just and indispensable. "Free cities" had a hard time in the Nineteenth Century. They may do better in the Twentieth Century. The settlement leaves unredeemed the seizure of the little kingdom

of Montenegro, for a thousand years free and independent in its mountains. It abandons Albanians north of Albania proper to Slav yokes they abhor. Moslem rights in Bosnia are still to be dealt with on fairer lines than have yet been conceded at Belgrade, property and personal rights being concerned.

*The
Collapse of
New Austria*

Cities imply a highly developed civilization. They disappear with it. Flocks were pastured again in the Roman forum in the Eighth Century and on countless city sites, great in Roman days, flocks are still pastured. New Austria is an extreme example. The treaty of St. Germain left Austria the size of the five New England States, outside of Maine, and with about the same population. Half this population was in one city, Vienna. Austria has no seaboard. For the first time in centuries, the use of the Danube is restricted, rail communication is practically severed, and a manufacturing and city territory was left with no local supply of food. The state has starved to death and only too many of its children with it. Austria was proclaimed a "Republic" on November 12, 1918, the first child born of the armistice. It has since rolled in the surges of starvation and violence like a foundering ship and at the opening of the new year the last of many governments has turned over the management of stricken Austria to the Reparation Commission. Take the five States of New England just noted, shut them off from the sea, put all railroad connections in unfriendly hands, and cut off the external food supply and the 7,000,000 now in these States would starve. This has come in New Austria—worst for Vienna, but all the land has starved and the lands south and east are without the clothing and other goods Austria could give. In part—in small part—this is due to Austrian policy which controlled the tariff so as to keep Magyar and Slav populations raising food and raw material and rendering development of manufactures difficult, but nevertheless Austria starves. The Reparation Commission can do no more than the government of New Austria, because the land is hedged in with peoples who look on Austria as sharing in the oppression of the past by Hapsburg backed by Austria. The necessary and only remedy is for fallible human beings to cease trying to be divine justice and readjust on a new basis what can be done by revising the treaties of Versailles, of St. Germain, of Sèvres, and of Neuilly with Germany, Austria, Turkey, and

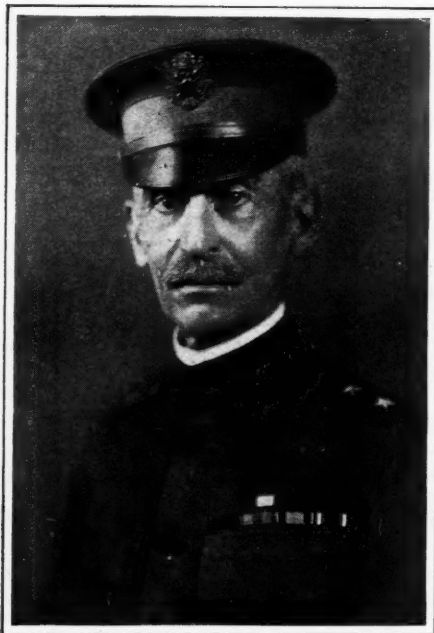
Bulgaria. Reparation must be made. France, Italy and Belgium must be rebuilt. The losses of the Allies must be paid. But the steps taken to do this are profitable to none when they bring famine and pestilence. Revision and a longer term will bring more in the end.

Russian Trade Here and Elsewhere The United States has opened the path to Russian trade, but three obstacles are in the way for all concerned. The English Government broke off negotiations for trade because the Soviet Government at Moscow broke its promise to cease paying for propaganda, urging rebellion in England, India, and elsewhere. This country is expelling Martens, the Soviet envoy, and he has cancelled orders, he says, reaching \$50,000,000, made or to be made. Trade with an enemy country is always difficult and the present Russian Government prefers hostile attack on other governments to trade. The second obstacle is payment. Russia has no currency or credit in which payment can be made. Barter is left. In dealing with Rumania, Mr. Schwab has agreed to exchange so many locomotives for so many tons of oil. This is not easy with Russia because of a third obstacle. The Soviet Government has abolished property and part of the property was mortgaged to foreigners. As Sir R. Horne, President of the English Board of Trade, said in the House of Commons, the English Government could not prevent the English holder of such a mortgage from levying on mortgaged property that had been confiscated. In a shipment of confiscated timber, an English court awarded it to the first owner. It is a familiar legal principle that title to property crosses every boundary line and stolen property can be recovered in any court anywhere. Russian confiscation is good for Russia, but it can be challenged elsewhere, if earmarked by a legal claim. No one willingly buys a lawsuit. Russia needs the world and the world needs Russia; but the same right to confiscate leaves a right for other lands to decide whether the confiscated property belongs in law to someone outside of the Russian jurisdiction. The food Russia once exported is no longer produced. So with farm products, hemp, flax, wool, meat, and many others Russia was the chief source of supply. These do not seem to be offered. Oil, Russia needs at home. Little is left to offer except past possessions and against these, mortgages lie in bonds issued.

Turkey sanctions polygamy. So does France in Algeria. The United States excludes polygamists as criminals. Both countries are within their rights. Travel and trade are difficult across frontiers with opposing moral systems. The Russian Government must cease enemy acts and discriminate mortgaged property from property not pledged to meet any particular debt of the Russia of the past before trade can begin even by barter and a currency swollen each week is no basis for trade.

Secretary Colby Visits South America In this Western Hemisphere the outstanding event of international interest and importance, within recent months, has been the visit of our Secretary of State to South America. Mr. Bainbridge Colby began his mission of courtesy and good-will on December 3, conveyed by the battleship *Florida*. Representing President Wilson, he made official visits to the Presidents and peoples of Brazil, Uruguay, and Argentina, and began the return voyage on January 3. Pressing duties at home made it impossible for the Secretary to arrange a more extended visit among our South American neighbors. Mr. Colby's reception everywhere recalled the ovation accorded to one of his distinguished predecessors, Elihu Root, who, in 1906, paved the way for all Secretaries of State who might wish to follow. A courteous and friendly reception to a visiting diplomat might well be expected from any Latin-American country, such is their reputation for hospitality. But Mr. Colby expressed himself as overwhelmed by the emphatic manifestations of cordiality and good-will which greeted him on all sides. One who wished to might perhaps have found indications that the people of Brazil were more demonstrative in their welcome than those of Argentina, or he might more easily prove that the Uruguayans surpassed all previous standards. Yet everywhere the mission was highly successful.

Understanding Our Neighbors It is eminently proper that the people and Government of the United States should not neglect obvious opportunities to maintain a position of understanding—rather than of mere good-will—among all the republics of the Western Hemisphere. During the past six years, since the outbreak of war in Europe, it has been comparatively easy for those who would do us harm to sow seeds of jealousy in parts of Latin America. Those who planted selected



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MAJOR-GEN. ENOCH H. CROWDER

(Now in Cuba, helping to solve complicated political and industrial situations)

their soil and nurtured its small yield with fiendish shrewdness. Meanwhile the great republics to the south of us have grown rapidly in influence and usefulness since they first stepped out of their own continent and sought to mediate between Mexico and the United States, between Huerta and Wilson, in 1914. Their position during the later years of the World War was such as to command respect and to exert no slight influence on the ultimate result. The smaller nations of South and Central America still refer to the United States as the big brother among Western Hemisphere republics, but the larger nations have a new appreciation of their own importance. An indication of this was the withdrawal of Argentina's delegation from the sessions of the League of Nations Assembly, after an attempt to force certain changes in fundamental matters. The United States was not participating in the Assembly's deliberations, and it is useless to speculate regarding what our attitude might have been.

Cuba's Election Tangle

Our most intimate relations are, of course, with the people of Cuba, whom we helped to gain membership in the family of nations less than a quarter of a century ago. A portion of the

Cuban electorate—the Liberal party—last month appealed to the Government at Washington to help straighten out a tangle resulting from the Presidential election held on November 1. On the face of the returns, Dr. Alfredo Zayas, Coalition candidate, was chosen President over José Miguel Gomez, Liberal. But there were many close districts where appeal was made to the courts. Two months had passed without decision of such contests, and the Liberals were freely charging that President Menocal and his party could not be trusted to supervise the necessary by-elections. It will be remembered that Cuba's new election law had been drafted by Major-General Enoch Crowder, of our own Army, a year or so ago. President Wilson acted promptly and directed General Crowder to proceed to Havana and confer with President Menocal as to the best means for remedying the situation. Within a week General Crowder issued a statement which indicated that real progress had been made. The terms of newly elected provincial officials should begin on February 24, Congressmen-elect should take their seats on April 4, and the new President should be inaugurated on May 20. But ten weeks had passed since the election, and the tangle was growing worse. There has been undue tendency in some quarters to look upon the Crowder mission as a prelude to actual intervention.

A Bad Financial Situation

The political situation reacted unfavorably upon an already embarrassing financial condition. A sharp and unexpected drop in the price of raw sugar—which is Cuba's principal commodity—had upset the whole business structure of the island. Not only planters, but banking houses as well, faced ruin. As a stop-gap the Government at Havana declared a moratorium on October 10, and it has not been necessary since that day for anyone to pay his debts. It is now proposed, in the Cuban Congress, that commercial obligations shall be payable in four installments extending to the end of April, and that bank withdrawals be similarly controlled until June. The situation was, and still is, undoubtedly serious; but the remedies adopted have operated with undue harshness against creditors in the United States, who cannot collect moneys due them in Cuba and yet have no moratorium to enable them to postpone settlement of their own obligations. General Crowder has also been advising Cuban officials in this financial crisis.



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A VIEW OF THE EAST FRONT OF THE CAPITOL AT WASHINGTON, WHERE WARREN G. HARDING WILL BE INAUGURATED TWENTY-NINTH PRESIDENT OF THE UNITED STATES ON MARCH 4

RECORD OF CURRENT EVENTS

(From December 15, 1920, to January 16, 1921)

PROCEEDINGS IN CONGRESS

December 15.—In the Senate, the agricultural cooperative bill is passed by viva voce vote through the insistence of Southern-Western Senators.

December 16.—In the Senate, the anti-strike bill, prohibiting strikes on railroads, is passed without warning and without a record vote.

December 17.—In the House, a Republican caucus votes 106 to 61 to reapportion membership and increase seats from 435 to 483, giving one representative for every 219,000 of population, compared to 211,000 as at present.

December 18.—In the House, the joint resolution reviving the War Finance Corporation is passed, 212 to 61; but amendments exclude recommendations to the Federal Reserve Board.

In the Senate, the bill for "public protection of maternity and infancy" is passed without a record vote.

December 20.—The Senate Committee on Reconstruction hears testimony on coal profits.

December 23.—The Senate Committee on Finance hears Secretary Houston urge utmost economy to reduce deficits to a minimum.

In the House, the Pension bill is passed, appropriating \$265,000,000; it includes \$21,145 for dependents of veterans of the War of 1812, and \$36,734 for World War veterans.

December 29.—The House Census Committee hears negroes testify that in Southern States their race is illegally prevented from voting.

January 3.—In the Senate, by vote of 53 to 5, the joint resolution reviving the War Finance Corporation to aid farmers is passed over the President's veto based on Secretary Houston's opposition to the measure.

January 4.—The House Ways and Means Committee hears general endorsement of the Jones-Miller Narcotic bill, prohibiting exportation and limiting importation of opiates.

In the House, the War Finance resolution is passed over presidential veto by 250 to 66 votes, the measure becoming effective.

January 5.—The Senate Committee on Reconstruction learns that the War Department bought coal during the war at \$9 a ton, with 200 per cent. profit to the sellers.

January 6.—In the House, the Ways and Means Committee begins hearings on a general tariff bill.

The House Census Committee votes 10 to 4 to raise membership to 483, recommending a permanent limit of 500 members of the house.

January 7.—In the House, the Sundry Civil bill of \$383,271,291 is passed, making provision for the Emergency Fleet Corporation.

January 10.—The Senate Immigration Committee is informed by labor leaders that in 141 cities 1,819,272 men are unemployed, and that present immigration should be controlled to protect American workmen the same as the tariff protects products of their skill.

January 11.—The House Naval Affairs Committee hears Secretaries Daniels and Davis give their views on international disarmament.

January 12.—The House Naval Affairs Committee receives official data from Secretary Daniels on the relative standing of the navies of Japan, Great Britain, and the United States.

In the Senate, Mr. Calder (Rep., N. Y.), chairman of an investigating committee, offers a bill for control of the coal mining industry.

January 14.—In the Senate, by vote of 34 to 28,

the regular army is reduced to 150,000 enlisted men.

January 15.—The Senate Finance Committee votes to report the Fordney Tariff bill to the Senate with ten broadening amendments.

AMERICAN POLITICS AND GOVERNMENT

December 15.—President Grace of the Bethlehem Steel Company is examined by the New York legislative housing committee regarding an alleged policy not to sell fabricated steel to building companies operating union shops.

Commissioner Caminetti reports an increase of 13 per cent. in Japanese immigration during 1920.

December 17.—Upon a plea of guilty, sixteen individuals and fourteen corporations in the New York Cut Stone Contractors' Association are fined \$80,000 on indictments for stifling competition.

December 20.—In New York, fifty-two members of the Master Plumbers Association are indicted for violating the State anti-trust law.

Crimes in New York become so numerous that Police Commissioner Enright asks for 769 more men; he is strongly criticised for his methods.

December 21.—New York stone mason and roofing contractors agree to reform, disband building rings, and resume competition.

At Manila, seventy members of the Philippine Constabulary plead guilty of sedition in recent rioting with the city police.

December 23.—The New York legislative housing investigation unearths indications of a paint trust of four firms, capitalized at \$300,000,000, controlling 95 per cent. of the country's white lead and most of the linseed oil.

December 28.—Governor Edwards of New Jersey holds a crime conference of State officials, at which the New York police department representative makes recommendations, including a federal crime bureau.

Prohibition agents raid Hurley, Wis., a lum-

ber camp town, arrest fifty-seven persons, and seize two truckloads of liquor. . . . At New York, forty-seven prohibition agents are dismissed in a reorganization of the department.

The Interstate Commerce Commission authorizes the American Railway Express Company to enter contracts supplanting the several agreements by constituent companies with the railroads.

December 29.—The federal grand jury at New York indicts members of the "building ring" as a result of the State legislative committee's housing investigation.

Secret service men reveal a \$100,000,000 plot in the New York district for releasing whiskey on forged permits, and arrest the leaders.

President Wilson vetoes a bill extending for another year immunity to railroads from the interlocking-directorate provisions of the Clayton act; he says it has been in abeyance for six years, and should now be enforced.

Testimony in the New York housing investigation indicates that the American Federation of Labor was responsible for placing Brindell in power as chairman of the New York Building Trades Council, thus giving him opportunity to carry on his graft system.

January 1.—Governor Miller, inaugurated at Albany, New York, makes a most impressive and thoughtful plea for State economy and reorganization.

January 3.—The Supreme Court declares illegal the so-called "secondary boycott" by labor unions, in the Duplex Printing Press case.

President Wilson vetoes the Congressional joint resolution reviving the War Finance Corporation for the benefit of farmers (the measure being later repassed over the veto).

January 4.—Attorney-General Palmer designates two federal prosecutors to give aid in the New York legislative housing investigation.

North Dakota Independents elect a Speaker by 58 to 53 votes, against Non-Partisan League opposition.

January 5.—Governor Miller, of New York, sends a message ranking high in statecraft; Senator Robinson introduces a resolution to investigate the Hylan-Tammany administration of New York City.

January 10.—Mr. Harding is officially chosen by the Electoral College as President; he writes to Washington requesting a simple inaugural as an example of economy.

January 13.—A police captain in New York City is indicted for grafting on evidence presented by ex-Gov. Charles S. Whitman, who is investigating the city administration as a special assistant District-Attorney.

January 15.—In New York, Mr. Whitman subpoenas Mayor Hylan and Police Commissioner Enright, following their refusal to aid his investigation.

FOREIGN POLITICS AND GOVERNMENT

December 15.—Czechoslovakia, upon the calling of a general strike by Communists at Prague, the capital, establishes military rule and stops the trouble.

December 16.—The House of Commons accepts amendments of the Upper House to the Irish Home Rule bill as to Senates for the North and



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PRESIDENT WILSON'S NEW HOME

(Which was recently purchased from Henry P. Fairbanks. It is at 2340 S Street, N. W., in a beautiful section of the Capital. Here, it is reported, the retiring President will write some volumes on recent world history)

South, but cuts in half the six-year period for alteration of voting qualifications.

Edmund Schulthess, Swiss Vice-President, is elected President for 1921, by 136 of 165 votes in the Parliament.

December 17.—The French Chamber of Deputies votes confidence in the Government, 489 to 69, following the resignation of André Lefèvre from the War Ministry, over the army reorganization bill.

The German Disarmament Commission orders a house-to-house search for firearms, the period for voluntary surrender having expired.

December 19.—King Constantine arrives in Athens, where his triumphal entry is cheered by thousands.

December 21.—King George speaks on Ireland and other matters as Parliament is prorogued.

In Chile, President Don Arturo Alessandri is inaugurated.

The Dutch Chamber votes a credit for permanent diplomatic representation at the Vatican.

December 24.—The Republic of Georgia, in the Caucasus, expels the Russian Soviet representative at Kutais and makes extensive raids on Socialist clubs.

December 27.—The city of Fiume, long held by the Italian patriot D'Annunzio in defiance of international settlements, is bombarded from land and sea by Italian regulars.

December 28.—The British Labor Commission makes a final report on the situation in Ireland, condemning the Government and declaring that "final solution . . . will not be found in a policy of violence and vengeance; it will have to be found along the lines of conciliation and consent, by a more enlightened method of negotiation."

December 29.—The Parliamentary Labor Party in London resolves that the British Government should withdraw all armed forces from Ireland, make each locality responsible for maintaining order, and allow proportional elections for an assembly to build an Irish constitution safeguarding Britain.

December 31.—Diego Manuel Chamorro is inaugurated president of Nicaragua; he was elected October 3.

January 2.—Irishmen are ordered to abandon neutrality between British and Irish armed forces, and to post upon their doors lists of inmates of their dwellings, on penalty of punishment to person and property.

Gabrielle D'Annunzio retires as head of the "Regency of Quarnero," at Fiume.

January 4.—The four additional Irish counties of Clare, Waterford, Wexford and Kilkenny are placed under martial law by the British.

January 6.—Lord Reading is appointed Viceroy of India.

January 7.—British Columbia's legislature is the first to elect a woman as Speaker of the Assembly; she is Mrs. Mary Ellen Smith of Vancouver.

Norwich, England, under threat of "direct action," doubles the tax rate to feed unemployed under the poor laws.

January 9.—French senatorial elections result as follows: Conservatives 3, Republicans 39, Radicals and Radical Socialists 43, Republican Socialists 11; ex-President Deschanel is elected.



© Paul Thompson

GILBERT K. CHESTERTON

(From a photograph taken upon the famous English author's arrival at New York on a lecture tour throughout the United States)

January 10.—Eamon de Valera denies statements contained in the British white book on Irish-German plotting; Mr. de Valera is now in Ireland after a clandestine trip from America.

January 11.—In British India, near Allahabad, troops have to be called from Lucknow to quell native peasants, rioting over the system of land tenure and extortion said to prevail.

January 12.—The French Cabinet under Premier Leygues falls, charged with weakness on Germany indemnity issues, by vote of 463 to 125.

January 13.—The British Coalition candidate is defeated in the Dover elections, and Sir Thomas Polson is the new M. P.

In India, at Madras, the first Council under the Montagu reform bill is inaugurated by the Duke of Connaught.

January 14.—Raoul Peret, President of the Chamber of Deputies, is selected to form the new French Cabinet, but fails.

January 15.—The Portuguese Minister of Finance reports a budget deficit of 265,000,000 escudos (about \$132,500,000) in estimates for 1921-22.

January 16.—Aristide Briand presents a Cabinet slate for the approval of President Millerand, who seeks to avoid international complications that might arise from an appointment of Raymond Poincaré, the political favorite.



THE NAVY'S FREE BALLOON, A-5598

(Which was lost in December in the Canadian wilderness after a 24-hour flight of 820 miles. The gas content of this balloon was 35,000 cubic feet)

INTERNATIONAL RELATIONS

December 15.—The League of Nations Assembly elects China to succeed Greece on the Council; Spain, Brazil and Belgium are reelected. . . . Austria is admitted to membership in the League.

December 16.—The League Assembly sub-committee on mandates reports inability to obtain from the Council any drafts of Class B or C mandates under the Versailles treaty, and that it could only obtain drafts of Class A mandates under the Turkish treaty on a pledge of secrecy.

Ludwig C. A. K. Martens, representing Soviet Russia, is ordered deported from the United States.

The second Brussels financial conference opens with a statement by Herr Schroeder of the Finance Department regarding German conditions; Herr Havenstein discusses Germany's economic future.

December 17.—The Italian Senate ratifies the Treaty of Rapallo (settling the Fiume question), voting 262 for and 22 against.

The League Assembly admits Albania to membership.

The League Council publishes Class C mandates for German colonies under South Africa and Australia.

December 18.—The first session of the Assembly of the League of Nations, at Geneva, comes to an end.

December 21.—The American Secretary of

State, Mr. Colby, arrives at Rio de Janeiro, Brazil, where he is cordially received.

December 27.—The Vatican's official records show diplomatic representation by twenty-six nations at the Holy See—a gain of twelve over 1914.

December 28.—Secretary Colby arrives at Montevideo, Uruguay, and is warmly entertained.

The German government protests the demand of the Allied Control Commission that forts on the eastern and southern frontiers be dismantled.

December 31.—The Council of Ambassadors decides to unite Western Hungary to Austria in March.

January 1.—The Turkish Government at Constantinople is permitted to use 400,000 gold pounds in the Imperial Ottoman Bank for its treasury, under Allied supervision.

Secretary Colby arrives at Buenos Aires, Argentina, where he visits President Irigoyen and is cordially welcomed.

January 3.—Germany's reply to the French disarmament note of December 31 states fulfillment of treaty terms to the letter has proved impossible, but that she has "done her best in all loyalty" to comply by handing over 50,000 cannon, 5,000,000 rifles, 60,000 machine guns, and 20,000 bomb-throwers.

General Enoch Crowder is sent to Cuba by President Wilson to help straighten out the presidential election tangle.

January 7.—France invites the United States to participate in a conference of Allied Premiers at Paris on January 19, over Germany's failure to fulfill the Spa agreement.

January 8.—Mr. Walker D. Hines, as American arbitrator, assigns 13½ per cent. of Germany's Rhine fleet (253,000 tons) of barges and tugs to France.

Lieut. Warren H. Langdon, of the United States Navy, is shot in Vladivostok by a Japanese sentry; Japanese officials show grave concern.

January 9.—The colors of the only British regiment ever recruited in the United States, the Royal American Regiment, are returned by Britain and hung in the chapel at Governors Island, New York.

January 10.—Dr. Gastao da Cunha, Brazilian Ambassador to France, is officially designated President of the Council of the League of Nations.

January 11.—Ambassador Wallace withdraws from the Allied Council of Ambassadors at Paris, where he is stationed, severing American participation in European councils.

January 15.—Sir Auckland Geddes, British Ambassador to Washington, is recalled for a conference with Premier Lloyd George and the Secretary for Foreign Affairs, Earl Curzon.

OTHER OCCURRENCES OF THE MONTH

December 15.—Independent steel companies reduce wages 25 per cent.

December 16.—A million men are reported unemployed in England.

December 17.—In Argentina, 150 persons are killed by an earthquake in Mendoza province.

December 21.—The tercentenary of the landing of the Pilgrims is formally observed at Plymouth, Massachusetts.

December 23.—New York City school principals report an increase of 30,940 pupils on "part time," with a total part-time enrollment of 82,354.

December 25.—Belgian exports for the first nine months of 1920 are six times larger than the 1919 period; Germany jumps from 1,200,000,000 marks for the first five months of 1919 to 23,000,000,000 for same period, 1920; other European countries show marked improvement.

January 2.—The United States Navy balloon A-5598, which sailed from Rockaway, N. Y., on December 13, is reported landed wrecked, with aviators safe, at Moose Factory, Ontario, a fur-trading post on James Bay, Canada.

The Federal Reserve Board notes a decline of prices in December of $8\frac{1}{2}$ per cent., to 190 per cent. of 1913 level.

January 3.—The capitol at Charleston, W. Va., is destroyed by fire and priceless records are lost.

Rochester clothing factories reopen, with 11,000 back at work; Ford automobile plants close at Detroit and other points; cotton mills in the South reduce wages, and many plants work on part time.

January 4.—The Lexington loose-leaf tobacco market closes suddenly; prices are low; planters haul their produce back to their farms.

January 5.—France, as a result of Germany's coal deliveries, has from twelve to fifteen million tons in reserve.

January 6.—Two Japanese families arriving at Harlingen, Texas, to farm property bought by them, are ordered out of town by citizens.

January 10.—In a small fire in the Commerce Building at Washington, D. C., original census records are irreparably damaged by water; the records for 1920 are intact.

Textile workers' wages are reduced $22\frac{1}{2}$ per cent. in New England; Reading Iron reduces pay 20 per cent.; other firms cut wages 25 per cent.

The United States Steel Corporation reports that December business was 873,359 tons less than November, 1920.

January 11.—The three naval airmen whose balloon adventure thrilled the world for over a week "come out" of the wilderness at Mattice, Ontario, Canada, safe and well.

January 12.—In New York City, 176 women shoplifters are arraigned; 98 well-dressed women plead guilty.

January 14.—Federal troops begin to withdraw from the Mingo County mine fields in West Virginia.

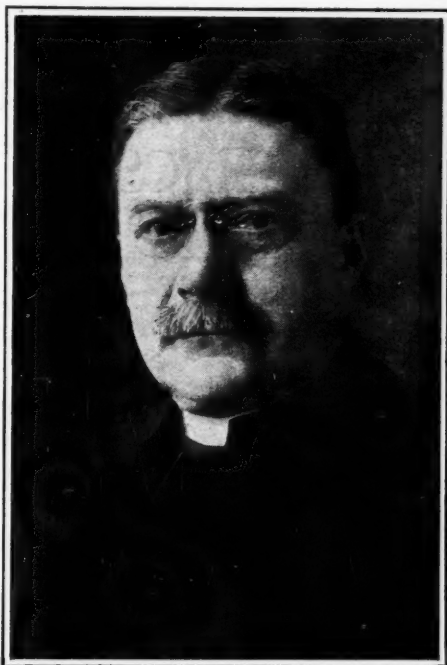
OBITUARY

December 15.—Gen. Benjamin Hill, Mexican Secretary of War.

December 20.—Right Rev. Charles Sumner Burch, Bishop of the Protestant Episcopal Diocese of New York, 65. . . . John Brinkerhoff Jackson, diplomatist, 58.

December 23.—George Herbert Perris, noted British journalist, 53.

December 29.—Alexander Julian Hemphill, of New York, well-known banking executive and war worker, 64. . . . Judge Warren Miller, noted West Virginia jurist and ex-member of Congress, 75.



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THE LATE BISHOP CHARLES SUMNER BURCH

(He was elected Bishop of the Protestant-Episcopal Diocese of New York in September, 1919. His birthplace was Pinckney, Mich., and he was born on June 30, 1855. He was a journalist at Chicago and Grand Rapids until the age of fifty, when he was ordained a priest)

December 30.—Rear Admiral Luther Guiteau Billings, U. S. N., retired, 78.

January 1.—Dr. Theobald Theodore Frederic Alfred von Bethmann Hollweg, German Chancellor in the war period, 64. . . . Miss Mary MacArthur, prominent as British women's labor leader, 41.

January 2.—Lewis Van Syckle Fitz Randolph, former president of the Consolidated Stock Exchange in New York, 82. . . . Sir Frank Brillie, Canadian war worker and business leader.

January 3.—Ex-Governor Owen Vincent Coffin, of Middletown, Conn., 84.

January 4.—Dr. William Robinson, Brooklyn, N. Y., inventor, 80.

January 5.—Henry Reese Hoyt, noted New York lawyer, 59.

January 7.—James G. Scripps, newspaper syndicate manager, 33.

January 8.—Edgar Page Stites, well-known hymn writer, 85. . . . Dr. Robert Jared Bliss Howard, noted Canadian medical authority.

January 11.—Joseph Miles Hanson, widely known social worker, 53.

January 13.—Henry Reinhardt, noted art dealer, 62. . . . Adm. Goro Ijuin, Japanese High Military Councilor since 1914, 68.

DISARMAMENT AND OTHER TOPICS IN CARTOONS



ONE STRIKE THAT WOULD HAVE PUBLIC APPROVAL—From the *News* (Chicago, Ill.)



THE MOST PEACEFUL NATION IN THE WORLD
From the *Spokesman-Review* (Spokane, Wash.)

[It is, of course, the taxpayer who turns the wheel. For the current fiscal year, our Army and Navy will cost \$800,000,000]



DISARMAMENT MEANS BAD NEWS FOR THE WAR GOD
From the *Chronicle* (San Francisco, Cal.)



THE INTOLERABLE BURDEN
From the *World* (New York)



STOP!
From the *Evening World* (New York)



THE SCANDINAVIAN COUNTRIES, SUPPORTED BY ITALY, INTRODUCE A PROPOSAL FOR DISARMAMENT
From *Il Travaso* (Rome, Italy)



EUROPE AND ASIA DISCUSS DISARMAMENT
From the *Tribune* (Sioux City, Ia.)



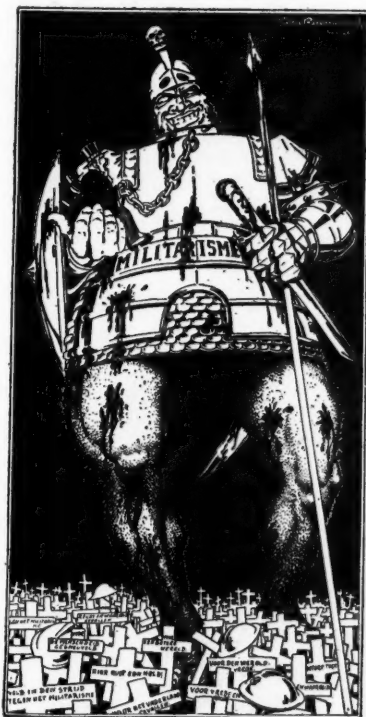
NOT EVEN A CLOUD IN SIGHT
From the *Star* (Montreal, Canada)



A CANADIAN VIEW OF PRESENT-DAY MILITARISM
 Peace (alarmed): "Oh, Samuel! Surely after helping to pull him out for me you will not push him in again."
 [The world is awaiting the action of America on the question of the limitation of armaments]
 From the *Star* (Montreal, Canada)



SHALL WE LET THIS CREATURE GO AROUND THE WORLD AGAIN?
 From the *News* (Dayton, Ohio)



IS MILITARISM AGAIN RAMPANT?
 From *Notenkraaker* (Amsterdam, Holland)



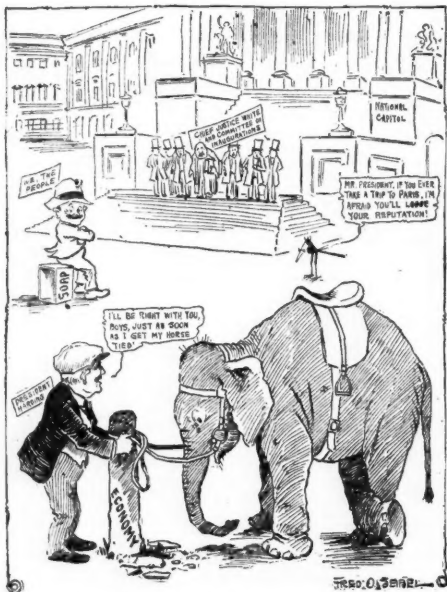
THE NEIGHBORS DROP IN TO TALK IT OVER WITH
 MR. HARDING OUT AT MARION
 From the *Plain Dealer* (Cleveland, Ohio)



TRYING TO GET A PEEK

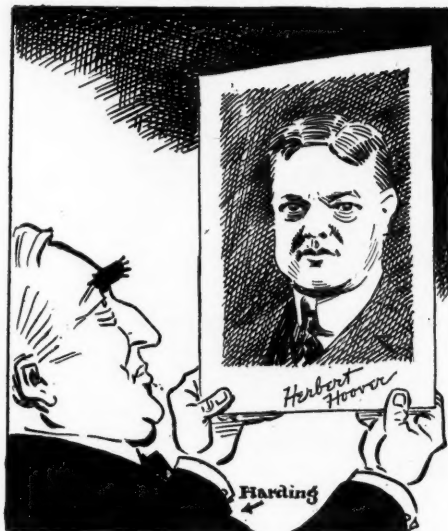
From the Rocky Mountain News (Denver, Colorado)

NEXT to the discussion over disarmament—which forms the theme of four pages preceding this—the cartoonists have concerned themselves mostly with Mr. Harding's cabinet and the coming inauguration.



THE PRESIDENT-ELECT ARRIVES FOR THE INAUGURATION

From the Knickerbocker Press (Albany, N. Y.)



CABINET SIZE

From the Times (Los Angeles, Cal.)



THE CABINET MAKER

By Thomas, in the News (Detroit, Mich.)



CONGRESSMAN TINKER AND HIS CLOCK

From Newspaper Enterprise Assn. (Cleveland, Ohio)



TO KEEP THINGS MOVING
From the Telegram (Portland, Ore.)



A GOING CONCERN
From the News (Detroit, Mich.)



GOING UP AND COMING DOWN
From Newspaper Enterprise Assn. (Cleveland, Ohio)
Feb.—3



A LITTLE FRACAS IN CUBA
From the Knickerbocker Press (Albany, N. Y.)

Even a business depression has its humorous phases, as will be seen in some cartoons grouped on this page. When a cartoon conveys a message it ceases to be merely comic. The Cuban incident, pictured above, is discussed in editorial paragraphs on page 134.



THE NEW CRADLE SONG
From the News (Dallas, Texas)

DISARMAMENT AND EUROPE

BY FRANK H. SIMONDS

I. THE NEW DISCUSSION

BEFORE passing to the consideration of the more important events in the past month in Europe it is perhaps timely to deal briefly with a question of general interest which affects both the United States and Europe equally. In recent weeks we have had the old problem of disarmament raised both in a general and a specific fashion. At Geneva the League of Nations, after much discussion, and to the very great disappointment of the smaller states, referred the whole subject to committees for later report. Meantime there had begun in the United States, Great Britain, and Japan public debate over the possibility of placing some limitation of the naval programs of the three nations, through the medium of a "naval holiday."

Taking up first the general question, one is faced with the all-important question, Is disarmament possible, given the present world situation? The answer is frankly negative. At the present moment the British are facing demands upon their military strength unprecedented in the peace history of the Empire. More than 100,000 regular troops, to say nothing of the various auxiliaries, are occupied in Ireland. An even larger number, partially drawn from India, to be sure, is held in Mesopotamia. And if there are Indian troops in Mesopotamia, the dangerous conditions in India have required reinforcements of the British garrisons there. Moreover, the Egyptian situation is also difficult and British garrisons in that country have to be maintained at maximum strength.

Reading the British newspapers and the American dispatches from London, there can be no mistaking the fact that there is a universal demand for the reduction of military expenses, but the desire cannot materially affect the case, for the peculiar circumstances in various portions of the Empire demand large military establishments, and recent events in the Near East have only served to multiply the calls for troops.

Looking to France, what is the situation? From the French point of view the army is the sole guarantee of the payment by Germany of the reparations sums, which repre-

sent solvency or ruin for France. We have had in the past month a new German crisis, with a renewal of the discussion of the possibility of French occupation of additional German territory. The situation in the Near East, and particularly in the new French territory of Syria, calls for a garrison nearly as large as the British are maintaining in Mesopotamia, while there is manifest chance of a real war with the reviving Turkish Empire.

The whole question of the army has recently been aired in the French Parliament, and a Minister of War has just resigned because the Chamber insisted upon the reduction of the period of service in the army from three years to eighteen months. This reduction, agreed upon in the end, will not take effect until next year and may be ignored if conditions seem at that time to hold out peril. Such a reduction of the French Army, however, represents the maximum of French demobilization conceivable at this time and is viewed with suspicion by many Frenchmen.

Italy has just made a final settlement with the Yugoslavs and will unquestionably follow the French example in reducing her military establishment, but, with conditions in the Danubian area as disturbed as they now are, Italy is hardly likely to go further than the French. In point of fact both France and Italy are bound, for a future which cannot be measured, to continue to maintain standing armies raised by conscription. The French Army, now 800,000, may be reduced to 600,000 or even 500,000; the Italian will probably not exceed 400,000, but this does not represent disarmament.

Looking at the smaller countries, Belgium is at work on a program, fixed in her recent convention with France, which will raise her field army from 100,000, the figure of 1914, to 250,000, and proportionately expand her standing army. Poland, with Germany on one side and Bolshevik Russia on the other, cannot reduce her military strength. Rumania, actually menaced by a fresh Bolshevik offensive, is reported to have remobilized her whole army. The situation in Jugoslavia is little different. In fact, if one take Europe as a whole it may be said that, while there is a marked effort being made to reduce the

armies from the semi-war strength which has been maintained since the Armistice, there is nowhere any hopeful sign that disarmament is either at hand or even conceivable.

To sum up this phase of the discussion, then, it must be said that Europe finds itself condemned to continue the system of universal service and large standing armies which existed before the World War. Given the terms of the Treaty of Versailles, it is totally unlikely that France will even consider disarmament during the period which must cover the payment by the Germans of their reparation obligations. Given the situation in the British Empire, one may fear an expansion rather than a contraction of the British armed strength, while the Russian conditions and the surviving rivalries between the Succession States in the Danube area insure a continuation of the system of armed peace between the Baltic and the Black Seas.

The Treaty of Versailles and the Russian Revolution combined to create conditions which cannot be disposed of in any measurable time. To meet these conditions, practically every European nation will be compelled to maintain standing armies for at least a generation. All discussion of actual disarmament at the present time is idle. Even the examination of the possibility of a limitation of armament is unlikely to lead to any useful result, because the problem to-day is not that of the years before the war. Nations are not now increasing their armaments in a mad competition, they are not arming against each other, but they are with extreme reluctance retaining their standing armies because of the situation which exists about them, or, as in the case of Great Britain, within their own frontiers.

And this, after all, was the real conclusion reached at Geneva, although it was disguised by the appointment of commissions to report at the September session. What the report will be can be foreseen and was foreshadowed at the precise moment the commissions were appointed.

II. A "NAVAL HOLIDAY"

So universal has been the recognition of the impossibility of any disarmament at the present time that the discussion has gradually been restricted to the situation existing between the three remaining seapowers—Britain, Japan, and the United States. Here the debate has been precipitated by the fact that, following the war, the British have

practically stopped all naval construction and British naval experts have begun to sound a note of alarm, declaring that if the British policy is pursued, the United States, merely by following its own program of 1916, will in 1923 possess a battlefleet actually more powerful than that of Great Britain.

Some slight difference exists among the experts of the world as to whether this assertion is literally accurate, yet it may be said, in passing, that at the least, if Britain does not build and we continue to fulfil our program of 1916, by 1923 British sea supremacy will have become a thing of the past, unless—and this qualification is enormously important—the developments of the next three years shall prove that the era of big ships has passed and that sea supremacy will rest with the nation possessing command of the air and of the most powerful submarine fleet.

It is a fact that one explanation for the British cessation of building is to be found in the growing belief among British naval authorities that the war demonstrated the folly of putting millions into capital ships. Sir Percy Scott, who foretold something of the submarine developments of the war, has recently carried on a brilliant and damaging attack upon the older ideas. Moreover, inside our own navy the same controversy is raging. Thus it might be that when we had sunk millions in our new constructions these would prove archaic at the precise moment in which our battlefleet had reached its maximum of expected strength.

There is, then, a practical reason why the whole question of naval construction should be passed in review once more. But this, after all, is a detail. What one has to face now is the blunt question whether we are to engage in a naval competition with the British, recognizing all the perils such a competition has for friendly relations between two countries or by contrast are to reach some agreement with the British by which we can adjust our respective building programs.

If we undertake a competition—in fact, if we continue our present program, without some friendly understanding, it may be accepted as axiomatic that the British will meet our program and probably seek to outbuild us. The truth is that the British Government would be forced by the sentiment of its people to take such a stand. But to do this would be to put a fresh and enormous additional strain upon British finance. It would delay British readjustment following the war. Above all, it would excite a profound

resentment in the hearts of the British people.

Unfortunately, the whole question is complicated by the Japanese circumstance. We have never consciously constructed against the British. Our 1916 program, which now raises the whole issue, was adopted at a time when we were neutral and the whole world at war, with one possibility of the struggle the emergence of a victorious and predatory Germany. Our navy program of that time represented insurance against the possible consequences of the world struggle.

But if we have never regarded the British as a possible rival, it is useless to blink the fact that we have watched with apprehension the expansion of Japanese naval strength. We have felt that it was a matter of national safety to maintain our sea power at such strength as to be able to envisage an attack from the East, while there has been an ever-growing desire to avoid any such unhappy circumstance.

Since Britain and Japan are allies the question is complicated, although the terms of their alliance specifically exclude the possibility of Anglo-Japanese coöperation against the United States. Again, the whole question of the Anglo-Japanese alliance must come up again, shortly, and there are unmistakable signs that the British Dominions, notably Canada, Australia, and New Zealand, are opposed to its renewal and recognize the American feelings in the matter. Actually, it is accurate to say that were there no question of an Anglo-Japanese alliance, the Anglo-American question might be far more easily adjusted.

In Washington the whole issue had been raised by a resolution introduced by Senator Borah calling for conversations with both Japan and Great Britain to discover the possibility of some kind of a naval holiday. There has been sharp debate over the matter, but the present indications are that there will be no action pending the arrival of the new Administration. The British dispatches of recent date also indicate a similar desire to postpone discussion until President Harding takes office, since the life of the present administration is so short.

But at bottom there is still patent one major difficulty. Even if the Anglo-Japanese alliance should not be renewed, there would rise the problem as to the basis on which Great Britain and the United States should negotiate. In all the Anglo-German discussions which preceded the war, no formula could be found. The British naturally de-

clined to accept the basis of equality of strength, the Germans declined to recognize any other basis as a matter of right, although in practise they did not attempt to equal British strength because of the enormous expense involved.

Now it is certain that the United States would not agree to a basis of adjustment which would concede British sea supremacy. It is just as certain that the British Government would similarly decline to surrender the last semblance of that sea supremacy which has been held for so many centuries. But it is probable that the British would be ready to deal with us on the basis of frank equality, recognizing the total difference between our policies and purposes and those of Germany in the years before 1914.

The first real step in the direction of the limitation of armaments in the world would unmistakably be an agreement between the United States and Great Britain to restrict building. The supremest folly of which it is possible to think would be a competition between the two countries, who have already celebrated the centennial of unbroken peace. No question of any importance serves to divide the countries, and recent partnership in victory supplies one more argument against insane naval competition.

It is, nevertheless, all too true that there are elements in the United States, who, because of hostility to Great Britain, growing out of European and not American circumstances, are bound to work against any Anglo-American understanding. We are passing through a period of Anglophobia, perhaps not more intense than many which have preceded, but still unmistakable and making more difficult the task of statesmanship. But it is not less true that we have arrived at one of the critical moments in history. Our own and British history must be profoundly influenced for the future, if, instead of agreement, naval competition shall now follow.

Any understanding with Great Britain covering the subject of naval programs would inevitably be followed by a similar agreement with Japan. The alternative would be the impossible attempt of the Japanese to out-build both Great Britain and America, for if we agreed with the British to restrict our respective building programs we should logically have to agree to act with them against any nation which might seek naval supremacy by building while the English-speaking nations with restricting construction.

British public opinion is entirely favorable

to a policy of dividing sea supremacy and sea regulation with the United States. British statesmen have long recognized that the alternative to Anglo-American understanding was a rivalry which would have a fatal menace, not alone to world peace, but to the present and future development of both countries. If, instead of a friendly understanding, there should follow a senseless competition for sea mastery, Great Britain would inevitably be thrown back upon her historic policy of alliances. We should be led into the formation of a rival combination of powers and, in becoming a partner of such an alliance, we should be even more dangerously mixed up in European affairs than by any possible application of the Covenant of the League of Nations.

A frank and open agreement with the British to restrict naval construction seems to me the sole possible escape now from undertaking a policy of competition which can only lead to dangers too great even to be mastered and too terrible to be discussed. It is significant, moreover, that a Senator, who counts as one of the irreconcilable opponents of the League of Nations, namely, Senator Borah, should have been the author of the resolution which has provoked the whole discussion. It is a clear demonstration of the fact that the proposal itself carries with it nothing of the character of an alliance, none of the details which have proved fatal to the fortunes of the League of Nations in the United States, so far, but by contrast constitutes the single intelligent and possible contribution to world peace and the sole and simple step in the direction of disarmament yet discoverable.

As to all other proposals looking toward world disarmament, for a multitude of reasons, some of which I have indicated, discussion of this great question must necessarily be adjourned to a time when there is at least a possibility of even a modest achievement. Alone of the great powers, our circumstances permit us to consider and even to carry out a reduction of our military forces. Similar reductions would be welcomed by the war-impoorished European nations, but existing conditions at their frontiers preclude all but very limited reductions at the present hour. And if the United States should now set out upon an aggressive policy of naval expansion, the chances of eventual disarmament would be well-nigh abolished.

Disarmament is, after all, a misleading term, which provokes much unnecessary controversy. No country in the world to-day se-

riously considers actual disarmament. At best all but a few extremists hope for no more than the restriction of armed strength to the minimum which represents security. But to-day that minimum seems to impose the retention of the system of conscription and the continuation of the training of the young men of all European nations. Even in Great Britain the talk of a return to conscription has been heard in responsible quarters in recent time. This will hardly come, but the talk of it is significant. It is only on sea that the recent war seems to have opened the way for far-reaching reforms, useful reductions in expense and waste. But even here the whole question turns upon an Anglo-American agreement. Failing this we are likely to see rather a multiplication than a reduction of armaments.

III. THE NEW GERMAN CRISIS

Outside of the discussion of disarmament the most interesting circumstance in international affairs in the past month has been the arrival of a new Franco-German crisis. In reality this crisis is not new, but a further manifestation of a chronic condition. Germany has failed to live up to the requirements of the Treaty of Versailles in the matter of disarmament. She is announcing in advance her inability to comply with those terms, modified in her favor at the Spa Conference, which cover coal deliveries.

Of itself the disarmament question is of obvious importance. The one thing about which all the nations attacked by Germany were in full accord at Paris was that there should be taken from Germany the weapons and thus the power to deliver a new attack upon her neighbors. Now, more than two years after the ending of the actual fighting, a situation has arisen in which it is not alone demonstrated that one section of Germany has defied the disarmament provision, but also that the central government lacks the will or the power to enforce obedience.

In point of fact we are to-day facing a situation in which Bavaria asserts and maintains the right to have a standing army twice as large as that permitted to all Germany under the Treaty of Versailles. These 200,000 Bavarian troops are described as "civilian guards" and are asserted to have the mission to preserve Bavaria from Bolshevism. But both assumptions are equally false. The truth is that Bavaria is maintaining an army of considerable strength, that the purpose of

this army is to preserve German military power and to bring about a restoration of the monarchy in Bavaria and not impossibly in the whole of the old German Empire.

In a recent article in the *Journal de Genève* Hermann Fernau, one of the few Germans who dared attack their own government during the war, has frankly and unhesitatingly exposed the Bavarian maneuver, pointing out that Ludendorff himself has removed to Munich to assist in the conspiracy and that a genuine conspiracy is on foot. In his article Fernau confirms all French allegations. Indeed he criticizes the French for far too great tolerance, suggesting that it has been founded upon the false hope that a Bavarian reaction might lead to a separation of North Germany from south and the permanent weakening of Germany. Fernau believes French policy has been foolish.

At all events the French Government seems at last to have renounced its Bavarian dreams and has formally laid before the governments of its Allies the convincing proof that Bavaria is violating the disarmament clauses wantonly and that the German Government has totally failed to compel compliance. On this point there is no discussion. Secretly the German Government sympathizes with the Bavarians, but aside from its sympathies, it does not dare to employ force to carry out its ostensible wish to comply with the terms of the treaty.

Under the terms of the agreement between France and her allies, made at Spa after the Ruhr incident of last year, there was established the principle of an occupation of further German territory, presumably the Ruhr Coal Basin, provided Germany should fail to comply with the peace terms. It will be recalled that on this earlier occasion French and Belgian troops occupied Frankfort, Darmstadt, and other German cities, following the sending of German troops into the Ruhr against the inhibition of the Treaty of Versailles, which had neutralized the district.

In this instance the French acted without British support and, in the minds of the British Ministry, precipitately. The result was much bad feeling and the failure of the British to share in the French action. But at Spa, where the British obtained a promise from Millerand that France would not again act alone and with precipitation, should a new crisis arise, France, through her prime minister, established the principle of occupation by all the Allies, jointly, if there were a new failure to perform on Germany's part.

In view of the Spa agreement and the fact that German failure to perform is indisputable, there can be no question now of the strength of the French position. The real question is whether France has most to gain by action or by, at least temporary, delay. As to French sentiment, there seems to be a certain difference of opinion. The French are certain to defend their right to intervene. They are equally sure to block any German attempt to breach the Treaty of Versailles in its vital sections covering German disarmament. They are bound to prevent any German maneuver designed to balance the economic against the military terms, and promise compliance with clauses assuring coal deliveries, if those dealing with disarmament are softened.

More than this, the French are bound to take every possible step to demonstrate in the present instance that they stand solidly upon the literal application of the Treaty of Versailles, particularly so far as the reparations and disarmament clauses are concerned. At the moment they are not terribly worried over the actual menace of the Bavarian "civil guards." France is beginning to appreciate the fact that, outside of Bavaria, German compliance with the disarmament provisions of the treaty of peace has been sufficiently exact to preclude all chance of a successful German attack upon France or resistance to the French Army, for that matter, now.

With the memory of the fashion in which Prussia eluded Napoleon's terms after Jena and raised that army which at Leipzig and Waterloo proved the ruin of the First Empire still surviving in their minds, the French are, however, wholly unlikely to run risks now. But the present military crisis is not fraught with immediate dangers. What is vital, to the French mind, is the necessity of preserving the inviolability of the Treaty of Versailles itself. Thus French policy will actually be directed at defending French rights under the treaty, and at this time the reparation rights are far more important than the military.

As was to be expected, French policy with respect to the Bavarian incident has run counter to British, although there has been less actual friction than in many recent instances. The British do not believe that the Bavarian course really constitutes a menace to France. They do believe that an occupation of the Ruhr may precipitate a further German revolution and, in any case, will again disturb economic conditions in Germany, postpone

German recovery, and diminish the value for British manufacturers of the German market, which is an important circumstance in Britain's own economic recovery. Unmistakably a considerable portion of the British public, for British reasons, believe the French should close her eyes to present German failures to comply with the Treaty of Versailles.

Here, again, is the familiar clash between British and French interests which once more seems to hinder common action, although, as I have said, Anglo-French relations have improved measurably in recent days. Yet legally and morally the French case is unmistakable, and France will be supported by Belgium, equally threatened by any German military renaissance. We are ourselves concerned, by reason of our garrisons on the Rhine, but there is good reason to believe that our troops will not participate in any further attempt to force the treaty terms; indeed, we have European as well as American hints that our army will shortly be brought home.

Under threat of Allied invasion, 35,000 Ruhr miners have struck to force their government to act against the Bavarians. This supplies a fresh complication, while confirming the French contention. But the miners are also hostile to all extensions of Allied occupation and would probably refuse to work if it should take place, thus interrupting all coal deliveries. Moreover, new labor disturbances would certainly make possible yet another German Revolution, perhaps a real revolution this time, as contrasted with the sham of 1919, which was designed to deceive the Allies and mitigate the peace terms. Such a revolution would, however, at best further postpone economic recovery and at worst might have Russian complications. That is why the British are opposed to any drastic action by France alone, or by the Allies jointly, at the present highly critical hour.

IV. BOLSHEVIST THREATS

While the Franco-German crisis has supplied the most conspicuous incident of the past few weeks, we have begun to hear once more the threats of still another Bolshevik offensive, directed this time against Rumania and not Poland, although there are not lacking those informed observers who expect to see the storm break along the Niemen and not the Dniester. In Great Britain alone, and even there in but a few quarters, does there seem to be any conviction that the Lenine government will consent to peace.

As to the Rumanian situation, it is well that it should be appreciated at the outset. If it is not we are bound to be taken in later, if the Bolsheviks do attack, by the assertion that they are fighting a war of defense against Rumanian "imperialism," as they were credited last year with defending themselves against Polish "chauvinism." Unmistakably there is already preparing a moral justification for the Bolshevik enterprise, which will be used to the limit later on.

The fact is, however, that there is not the smallest justification to be found anywhere for a Russian attack upon Rumania. Ostensibly Lenine and Trotzky plan to regain the old Russian province of Bessarabia. But more than two-thirds of the population of this province are Rumanian by race and language, the whole province belongs historically to Moldavia, and Russian rule dates only from 1812, when the region was taken from the Turk, and the Slav minority in the population is insignificant.

The present reunion of Bessarabia with Rumania followed the vote of the provincial legislature and, if there be any virtue in the doctrine of self-determination, any force in the principle of nationality, invoked so frequently at Paris, Bessarabia belongs to Rumania. And if history be a factor, Rumanian occupation dates back to the Roman colonists of Trajan, whose descendants are the modern Rumanians. Thus the Rumanian title goes back nearly nineteen centuries, which is a long time, even in Europe.

It will be recognized, moreover, that the redemption of "lost provinces" has never been a part of the Bolshevik doctrine. All the leaders of the Russian Revolution are internationalists. Such purely nationalistic doctrines as the recovery of lost lands or the extension of nationalistic rule have never influenced them. What the Bolsheviks are out to do is to promote revolutions in all states, to destroy existing governments, and to bring about the obliteration of separate states and the creation of an international state controlled by the workers.

Therefore, to allege that Lenine and Trotzky plan to attack Rumania to regain Bessarabia, a non-Slavic province with a non-Russian history, is merest moonshine. What the Bolsheviks are after is to provoke a Bolshevik revolution within Rumanian territory by a successful attack from without. They want to Bolshevize all of Rumania. This was the fact as opposed to the fiction in the case of Poland last year. Had it been other-

wise they would have stopped when they had driven Polish armies within the so-called "ethnic frontiers" of Poland, which were far more restricted than those they, on their own statement, were willing to concede, and did concede at Riga.

The Bolshevik attack upon Poland was continued to the very gates of Warsaw solely because the Bolsheviks believed that complete Polish disaster would insure domestic revolution, and they undertook the task of creating a Bolshevized Polish government at the precise moment when their armies stood within nine miles of Warsaw itself. But when Poland rose against the invader, when patriotism instead of Sovietism dominated the gallant Polish people and, with French leading, brought about a total change in the military situation, the Bolsheviks gave up the Polish adventure, granted to the Poles, at the time of the Riga Armistice, frontiers almost beyond the highest expectations of the Poles, and turned their attention to Wrangel.

We shall have to be on our guard, then, from first to last, against Bolshevik propaganda in the matter of Rumania. If the Reds attack it will be for two all-sufficing reasons, neither of which has the slightest relation to the title of Bessarabia. They will attack, first, because they have reason to believe that Rumania is ripe for Bolshevism; second, because they rightly perceive that the overthrow of Rumania would remove the sole obstacle to an irruption into that Danubian area where misery and chaos supply exactly the material for a Bolshevik conflagration.

Rumania and Poland constitute the real bulwark of the West against the Russian Reds. The attack upon Poland last summer was a deliberate effort to force the northern half of this bulwark, which failed only because the French perceived the peril and stood by Poland at the critical moment and because the Poles rallied in the last ditch. Had Poland fallen, the road of the Bolsheviks was open into Germany and into the inflammable areas of Central Europe. If Rumania falls now, the same situation will exist. A campaign against Rumania is, then, no more than a renewal of the Bolshevik war upon the West.

Now, in this situation, what is the present state of Rumania? Are Bolshevik calculations as to internal conditions in the Rumanian kingdom exact? At the least one is forced to concede that there exists disorder and a degree of unrest. Before the war Rumania was a nation of less than eight millions

of people. The war doubled its population and its area. It added more than eight millions of people, the great majority of whom were Rumanians, but in this Rumanian mass were several formidable minorities.

The population thus added had, moreover, been living under three different states—Russia, Hungary, and Austria. In all three they had been politically oppressed, but in Austria and in Hungary their economic condition had been, on the whole, superior to that of the mass of the Rumanians living in the older kingdom. There the mass of the people lived in a state not wholly unlike serfdom. During the war, and since, there have been great changes and a partial division of the land.

But these changes in the economic status of the mass of the people of the old kingdom, together with the sudden addition of vast numbers and of diverse minorities, the confusion incident to such a tremendous transformation, and the misery surviving from the time when old Rumania was systematically plundered by German, Hungarian, and even Turkish troops—these circumstances combine to create a very difficult state of affairs. Given a few years of peace, Rumania would be able, like Italy in the last century, to achieve economic as well as political unification. But lacking these years, faced by a sudden and formidable Bolshevik invasion, her position must be dangerous, if not desperate.

Obviously, then, the Bolsheviks have real basis for any calculations on which they may found an attack upon Rumania. Moreover, if Rumania should fall, then the road to Hungary is open, and Hungary was the first and, so far, the only, European state to embrace Bolshevik doctrines. To be sure, the Bolshevik régime has been overthrown and the reaction in Hungary has been marked by bitter repression, but the economic state of the Magyars is little better than that of the Rumanians, and there survives an intense hatred of the conquerors, who have divided the old Hungarian Kingdom and reduced one of the proudest of European nations to the estate of a minor power.

Hungary, then, offers plenty of material for Bolshevism. Nor is Austria less promising as a field for Lenine and Trotzky. As to the condition of this country Americans are better informed, by reason of the appeals made for assistance. In Vienna we know that famine is ever present and human misery perhaps greater than in any other portion of Europe, outside of Russia itself. Finally, there are elements of disorder in Jugoslavia,

which might also open the way to a successful Bolshevik attack in that country, whose circumstances strikingly recall those of Rumania.

Finally, and this fact has a vital bearing, Rumania has no ally among the great powers, who would render even that degree of assistance which France supplied Poland at the critical hour last summer, with decisive results. Despite various efforts, Poland and Rumania have not yet arrived at any understanding which would insure combined action in case of a Russian attack upon either. A recent attempt on the part of the far-seeing Rumanian Foreign Minister, M. Take Jonescu, who made a pilgrimage to Warsaw, failed because Rumania sought Polish entrance into the Little Entente, composed of Rumania, Yugoslavia, and Czechoslovakia, while Poland, at odds with the Czechs, declined all understanding until the Teschen dispute was readjusted. Poland, on her side, urged the Rumanians to come to an understanding with the Hungarians, but such a proposal was contrary to all Rumanian policies, for Hungary was and remains the hereditary enemy.

In sum, and one may pursue the examination of existing conditions much further and find additional reasons for apprehension, the internal conditions of Rumania itself, the conditions in the adjoining states, in fact, the situation in all of southeastern Europe, all combine to hold out to the Russian Reds at least a basis for calculating that a new attack, an offensive beginning at the Dniester, might carry Bolshevism to the Danube, might bring the Red flag to Budapest and Vienna as well as Bucharest. To forecast the offensive is, of course, idle, but one cannot mistake the possibilities, nor fail to note how futile, and even vicious, is the present attempt to explain in advance what will be an offensive war as an effort to reconquer a province which was Russian before 1914. After all, this is only an adaptation of the familiar German method of seeking to deprive prospective victims of all moral defense in advance of any military aggression.

Conceivably the Reds will attack Poland again. Not impossibly they will strive to injure Great Britain by activities in conjunction with the Turks in Anatolia, Mesopotamia, and through Persia toward the frontiers of India, but as things stand the Rumanian offensive seems to offer the best chance of success and holds out the promise of the most extensive rewards.

V. FIUME AND ATHENS

The past month has seen the extinction of D'Annunzio and the liquidation of the question of Fiume. On the whole it would be difficult to exaggerate the praise due to Giolitti and his associates for the manner in which they have managed to get rid of one of the most annoying of the surviving obstacles to European peace. This is true both as to the Treaty of Rapallo, by which the Adriatic question was settled between the Italians and the Yugoslavs, and as to the recent action against D'Annunzio, which made possible the application of the treaty.

D'Annunzio went to Fiume, fired by the Garibaldi example, at the moment when the weak Nitti Ministry seemed likely to bow to President Wilson's will in the matter of Fiume and consent to its inclusion in the Yugoslav Kingdom. All Italy supported his daring gamble, and it became impossible to remove him by force, because the Italian Army was with him, and the navy equally sympathetic.

On the other hand, the prolongation of the dispute delayed demobilization at staggering costs, increased the risks of a new war with the Slavs, and stimulated domestic unrest. The fact seems to be that the mass of the Italian public regarded Fiume as a moral issue, a real question of national honor, and were resolved that it should not become a Slav town, but they were equally uninterested in D'Annunzio's larger projects, which envisaged the Italian possession of all of the eastern shore of the Adriatic. As the defender of Italian rights in Fiume he commanded Italian sympathy, but as the exponent of Italian imperialism he was less fortunate.

When Giolitti negotiated the Treaty of Rapallo, which insured the Italian character of Fiume and foreshadowed the ultimate union of Fiume with Italy, he cut the ground out from under D'Annunzio. The Italian people were satisfied with the settlement, which surrendered Dalmatian aspirations, but established Italian position on the Quarnero. Thereafter D'Annunzio had to choose between bowing to the will of Giolitti and accepting the gratitude due him for having saved Fiume, which was general, or defying the government and risking the anger of a nation which was tired of war, sick to death of nationalistic enterprise, and willing to accept what was an honorable and reasonable solution of the dangerous Adriatic problem,

which carried increasing menace to Italian peace.

In a like situation Garibaldi had bowed to Cavour. D'Annunzio could not bring himself to follow the illustrious example of the greater Liberator. As a consequence Giolitti, with great skill and deliberateness, concentrated ships and troops, attacked Fiume, and suppressed D'Annunzio with slight cost in blood and small disturbance of Italian public opinion. In a few days Fiume fell, while Italian troops evacuated the portions of Dalmatia which had been assigned to Italy under the Treaty of London and occupied in conformity with the terms of the Armistice with Austria, but which fell to Yugoslavia by the Rapallo agreement.

I pointed out at the time the Treaty of Rapallo was signed the great value of this document and its possibilities as a basis for final settlement between the Slavs and the Latins on the Adriatic. Events since that time have only served to emphasize this value. All things considered, it may well prove a permanent settlement. Already the Montenegrin claim of independence, sustained by Italian intrigue, has been extinguished, and Montenegro has become part of the Southern Slav state. Adjustments between the Albanians and Slavs are now going forward and it is hardly too much to hope that the Adriatic Question will gradually disappear, now that the Fiume powder magazine has been removed.

Since I last described the Greek situation Constantine has returned to his throne and his capital. He has been welcomed by his people, but already complications have arisen as a consequence of the refusal of the Allied governments to recognize the restored sovereign. As they hold the pursestrings, the complications are very real, and the Greek public is beginning to count the costs of its experiment in defying Europe.

At the moment the whole question turns upon Constantine's policy in Asia Minor. His army, which had occupied a wide hinterland back of Smyrna, is slowly drawing back upon that city, followed by Kemal Pasha's troops. This withdrawal must presently affect the position of the British in Constantinople and it must inevitably imperil the whole settlement contained in the Treaty of Sevres.

It is plainly the hope of the British that Constantine will continue the work of Veni-

zelos in Asia Minor, for Greek troops were and are an essential circumstance in the whole British plan. Were Constantine to do this, he might ultimately win British approval, but his return is, in part at least, a result of the weariness of the Greek people with Asiatic ventures and continued mobilization of large numbers of Greeks. Thus the King finds himself facing a very awkward dilemma.

The French, on their part, are permanently hostile to Constantine and only less opposed to the Treaty of Sevres. They desire peace with the Turks, even at the sacrifice of Greek claims in the Smyrna district, and they are prepared to modify their own claims in Cilicia, if they are assured of security in Syria. They are not interested in British policy in Constantinople and are ready to consent to the abandonment of the whole "bag and baggage" policy.

As for the Italians, they are frankly opposed to British policy which rested upon the transformation of Greece, under British patronage, into the most considerable power in the Eastern Mediterranean. Greece is, commercially speaking, the Italian rival. Greek and Italian ambitions clash in Albania, in Smyrna, and in the Islands of the Egean. The French and Italians are not on the best of terms now, and Italian policy tends in British rather than French directions, but in the case of Greece, France and Italy are more nearly agreed than France and Britain, and both Latin countries are ready to see Hellenic claims sacrificed to Turkish, for reasons which are not in the least hidden.

Of the general condition in the Near East, resulting from the Bolshevik incursion into Armenia and the possibilities of combined Russo-Turkish operations in Persia and in Mesopotamia, I shall speak next month, but it is worth while emphasizing the fact that the whole eastern situation has escaped the control of the great powers and constitutes a very grave menace—a menace peculiarly disturbing for the British, whose imperial interests in this quarter are tremendous.

A year ago the center of world unrest seemed to be near the Baltic. Despite the present Franco-German crisis, it seems to have shifted to the southeast to-day, and the great developments of the year promise now to take place about the Black Sea on the Rumanian frontiers and in Asia Minor.

DISARMAMENT—ENGLAND'S POSITION

BY P. W. WILSON

(New York Correspondent of the London *Daily News*)

THE world to-day is confronted by the most solemn decision in the history of mankind. While the embers are smoldering, the Great War is over, and the question is whether civilization as shattered in Europe and as shaken elsewhere is now to be reorganized on a basis of life or of death. If we prepare for war, we now know that inevitably we shall get it, and in the years to come there can be no peace unless we disarm. Every observer agrees that Britain is to-day swept by anti-militarism.

The population of this planet where we live is stated to be 1700 millions. It cannot be said that the peoples are as yet organized consciously for peace, but it can be said that they are in the main unorganized for war. On sea there are only three navies worth attention, supported as follows:

By Great Britain.....	45,000,000 people
By the United States.....	105,000,000 "
By Japan	78,000,000 "

228,000,000 people

Even if we add France and Italy as naval powers, this means that the rule of the waves is confined to few over 300,000,000 actual taxpayers out of 1,700,000,000 persons belonging to our species. This result follows from the fact that the British Navy is paid for entirely by British subjects living in the United Kingdom itself. On the ocean, therefore, the outstanding fact which emerges is not the present extent of the preparations for the next war, but the vast and hitherto untapped possibilities for future preparation. If one-sixth of the human race can maintain such navies as we see to-day, what will the empire of Neptune be like when the other five-sixths have joined the rivals?

The land on which men live can be divided into five great areas. In the table that follows there is shown for these areas, first, the population maintained and, secondly, the ap-

proximate number of soldiers actually under arms to-day:

LAND AREA	POPULATION	SOLDIERS	PROPORTION
Europe	464,000,000	3,500,000	1 in 132
Australasia ..	16,000,000	76,000	1 in 210
America	206,000,000	675,000	1 in 300
Asia	872,000,000	1,500,000	1 in 584
Africa	142,000,000	200,000	1 in 710

These figures indicate that there are to-day under arms about 6,000,000 soldiers, or one soldier to every three hundred people, approximately. Here again there is evidence of infinite untapped possibilities of mischief. If the whole world were raised to the European standard of militarism to-day there would be not 6,000,000 soldiers under arms, but nearly 13,000,000. Yet even in Europe the largest armies are only as follows:

France	350,000
Germany	100,000
Britain	300,000
Russia	600,000
Italy	250,000

If the men in Europe who have actual knowledge of war were called up, the total would be multiplied several times. One of the essentials of peace is that the old generation of conscripts should pass away without a new generation arising to take their place. Again, take the African figure. No fewer than 100,000 out of the 200,000 there allotted are in fact the somewhat nominal and unequipped troops of Abyssinia. On the other side of the account, however, the forces of the Commonwealth of South Africa are reckoned as being entirely in reserve—a remark which applies also to Canada and Australia, which countries have not 10,000 men under arms between them. If the white man arms for the next war against himself, we may take it as certain that he will also enlist the reserves of the black races, who are now becoming more than ever conscious of their place in history.

In Asia there is no militarism except in

Japan, whose army accounts for 600,000 out of the above total of 1,500,000 soldiers. Yet Japan has only a population of about eighty millions. The inhabitants of British India are four times as numerous as those of Japan, yet India, with a land frontier to defend—Japan being islands—and unity to be maintained amid hitherto divided races and religions, has only 330,000 troops, of whom hardly a quarter are European. The percentage of militarism in India is barely one-seventh that of Japan. In China militarism may be said not to exist as yet.

Taking North and South America, the only army to be considered seriously in world politics is that of the United States, which is 280,000 men. And this army—to be further reduced—is voluntary. It therefore follows that the curse of conscription is to-day limited to Italy, France, Russia, some small European states, and Japan. If, however, the world is to be prepared for further war, we must expect that slowly but surely conscription will become universal. In fact the situation is that as navies sometimes commission battleships with so-called "nucleus crews," so are the nations in their exhausted condition depending for the moment only on "nucleus armies."

In the next war everything on land would depend on equipment. And equipment means chemistry in its most fearful activities. Although the citizen, his home, his wife and family, his property, will be destroyed wholesale by the engines certain to be invented by the experts of rival governments, the citizen has not been permitted to know hitherto what is being done in his name. It is indispensable to disarmament that all laboratories be scheduled and rendered open to inspection. To this course objections will be raised, but the question is whether any objection is so serious as to outweigh the alternative peril of accumulated stores of inconceivably hideous poisons and explosives, easily transportable over immense distances by aircraft, so to be dropped at will on cities like New York and London and Paris.

War is no longer waged by armies against armies and navies against navies. Every war in the future will be fought without mercy against the civilian, including the women and the children. How to limit the building of lethal aircraft must be considered. Germany is accused of having as many aeroplanes as Britain and France combined. And Britain to-day prefers battleplanes to battleships. She is building the former while she is scrapping

the latter. On her air service she is spending 100 million dollars a year.

If, in this respect, we wish to make the world safe for our boys and girls to live in, there is a method whereby we can certainly do so. During the war there was a careful record kept of all the main metals and raw materials used for the making of munitions. Foods and many other commodities were also rationed and, while doubtless there was some evasion, the inspection was sufficiently effective to secure the broad results desired. In large cities like New York there is a similar record kept of all dynamite used in building operations. Occasionally explosives will escape detection and there will be a disaster in Wall Street, but with inspection it would be impossible for the manufacturers of these things to elaborate a chemical arsenal on a scale that would threaten other nations without the fact being known.

Such inspection of shipping, designed to guide underwriters of insurance, has been for three generations conducted on an international scale by Lloyd's Register, without offense and with absolute reliability. Every vessel launched has been watched during construction and is still watched as it goes to sea. Yet Lloyd's Register is an exclusively British concern, acting without the sanction of any government or league of nations. The international inspection of dangerous chemicals and disease germs would be the more feasible, because, after all, the firms affected do not want to kill people except as an incident of their profit-earning business. If they know that no government dare buy their prohibited wares and that in the nature of the case no one except a government can use these wares, they will follow the market into safer fields.

Land Disarmament Easier Because of Change in Sea Power

Disarmament on land is rendered the simpler because the nature of sea-power has changed. Before the war it used to be said that Britain could not be invaded because she had a bigger navy than that of Germany. To-day we see that, owing to the inevitable development of submarines and aircraft, no country at any time will be able to invade any other country across the ocean. Assuming for the moment the truth of this proposition, which I will elaborate a little later, it follows that armies may be disbanded, continent by continent. This is the reason why, under the Monroe Doctrine, Latin America is able to regard soldiers merely as police. The

Japanese Army is important because it is penetrating the mainland of Asia. It is not important as a menace to Australia, New Zealand, and North America. As practical politics, the concerted limitation of armies is thus a manageable problem, particularly important for Europe and especially for France and Germany. Russian manpower might become a menace, but the Soviet Army is, at present, incapable of any aggression disturbing to general peace. If this be the situation left by the war, it rests with the Continent of Europe whether she will handicap herself in future by maintaining vast numbers of men in criminal idleness merely in order to foster ancient feuds, while the new world, saved from such folly by the intervening waters, goes ahead and elaborates new standards of comfort and happiness. Whatever be Europe's decision, her armies will be localized by the submarine and the aeroplane, while the cactus hedge called the Himalayas, with the Isthmus of Suez—the Thermopylæ of Africa—will restrain, if they need it, the armies of Russia.

Submarines and Aircraft versus Battleships

The fact is that whereas seapower used to make the sea safe, seapower now makes the sea impassable. When the war broke out Germany had only thirty-six submarines. With ten times that number she would have won. Usually there were not more than eight or nine U-boats in use at any one time. But on the average each U-boat sank 100 million dollars' worth of shipping. In the last week of the war, with her sailors in mutiny, Germany concentrated on tankers and actually sank nine of them. To the end she destroyed shipping in the narrow Irish seas, yet the Irish seas were patrolled by 2500 vessels of all de-

scriptions. With 600 destroyers and 6000 auxiliary craft on the watch day and night for four and a half years the Allies captured or sunk only 205 submarines, and these submarines were of a type as yet rudimentary.

The submarine is now supplemented by the larger submersibles and by aircraft which can discharge not bombs alone, but torpedoes also. So formidable are these novel engines of sea-war that Britain has not only ceased building any new battleships or battle cruisers, but has actually scrapped three of the latest type which were at various stages of construction. So far as Britain is concerned, therefore, the race in battleships is dropped. Our private yards are completing three for Japan at Japan's expense—that is all. Acting on expert advice, Britain thus holds her hand for a while, as she did in the years 1906-1908, when the first *Dreadnought* with uniform armament of big guns was under design. Most British Admirals consider that the monster battleships now under construction in the United States, at forty million dollars apiece, would never go into battle in any war fought with the new weapons of attack. Britain has also scrapped more than 600 warships and the scrapping merrily goes on. In addition she has handed to Canada, for use on the Pacific Coast in harmony with the United States forces, a squadron consisting, it is believed, of eight cruisers and twenty-four destroyers. At the moment, then, it is not easy to make out a case for naval rivalry on the British side, whether against Japan or the United States. Whatever be her motive, Britain thinks it well to save her money to pay her debts.

The comparison between the three powers may now be stated, type by type:

Battleships	VESSELS			TONNAGE		
	Complete	Building	Total	Complete	Building	Total
United States	33	10	43	707,990	389,600	1,097,590
Great Britain	46	none	46	962,750	none	962,750
Japan	11	8	19	244,800	256,000	500,800
Battle Cruisers						
United States	none	6	6	none	211,800	211,800
Great Britain	10	none	10	307,500	none	307,500
Japan	4	none	4	101,100	none	101,100

In "capital ships," therefore, it follows, from figures published in American books of reference, that when the Daniels programs are complete, the United States will have 49 vessels to Britain's 56 and Japan's 23, while tonnage will be: United States, 1,309,390; Britain, 1,279,250; Japan, 601,900. That is the situation as it will be in 1924.

But the statistics should be read in the light of the fact that the United States fleet will be of a later construction on the average than the British, with larger units, heavier guns, and higher speeds. In the British figures are included six pre-*Dreadnoughts* which were obsolete even when war broke out, and the real position in 1924, as stated by

Mr. Archibald Hurd, the naval expert of the London *Daily Telegraph*, will be:

	United States		Great Britain		Japan	
Capital Ships	No.	Tonnage	No.	Tonnage	No.	Tonnage
First Class.....	27	983,000	18	487,450	14	438,000
Second Class.....	8	167,650	18	395,840	3	59,950
	35	1,150,650	36	883,290	17	497,950

First-class ships are armed with 14-inch guns and over, and it will be noticed how much more modern, comparatively, are the United States and Japanese vessels, judged by this test, than the British. Mr. Hurd claims that the superiority of the United States Navy over the British will be, in 1924, about 30 per cent. in capital ships and big guns. Other factors, of course, enter into the reckoning. There is considerable doubt whether the American 16-inch guns will prove to be in practise more effective than the British 14- and 15-inch. Also, the manning of her navy is a matter of anxiety for the United States in these days of high wages on shore.

With different wage scales in different countries, comparisons of expenditure on navies are almost wholly fallacious. And it so happens that we are quite in the dark as to appropriations for the coming fiscal years. But at the normal reckoning of five dollars to the pound sterling, Britain is to-day spending on her navy at the rate of \$400,000,000 a year. The British estimates for 1921-1922 are, at this moment, before the Cabinet, and large reductions have been ordered. If Mr. Daniels obtains his \$670,000,000 or thereabouts, he will be spending about double what Britain, so far as I can see, will spend—this without making any allowance for the depreciation of the sovereign. The Japanese estimates are, in dollars:

		Increase
Army	\$178,000,000	\$34,000,000
Navy	237,000,000	85,000,000
	\$415,000,000	\$119,000,000

These figures show that while Japan is increasing her Navy expenditure, it is, on her estimates, less than half the appropriation for Navy by Mr. Daniels. In fact, Japan is spending on her Army and Navy together only two-thirds of what the United States is asked to spend on Navy alone.

It must not be supposed that Britain is alarmed by all this. It is a fixed principle of her policy that she will under no circumstances enter into naval competition with the United States. She notices certain unmistakable indications of what objectives American

statesmen have in view. She sees the gradual transference of the United States Navy from

the Atlantic to the Pacific, the large expenditure on Pacific bases, the almost continuous negotiations with Japan, and the now admitted *rapprochement* between the United States and the self-governing British Dominions, which cherish similar aims in the Far East. What Britain fears is not the huge American *Dreadnought*-cruisers, 800 feet long—an incomparable target, by the way, for torpedo and aerial bomb—but a much deadlier peril to an island power. From being the mistress of the seas, Britain is, for the time being, deposed, not by American expenditure, but by inevitable geography. She is surrounded by the potential submarine bases of Ireland, France, Belgium, Holland, Germany, Denmark, Sweden, and Norway. Being the only country in the world that cannot feed herself except by imports overseas, she is the country, of all others, most vulnerable to deadly attack, even by the weakest of her neighbors. An American battleship a mile long, with a hundred 30-inch guns, would matter less to England than half a dozen submarines, built against her by Norway, at a hundredth the cost.

Navies, like all institutions, are conservative. Years after the battle between the *Monitor* and the *Merrimac* wooden ships, all of them obviously valueless, were built and launched. The *Dreadnought* is popular with contractors, it impresses the public, it is the pride of the crew, it looks well at maneuvers. To fight for one's country in a submarine requires heroic nerve and courage. It is, literally, a martyrdom to patriotism. But a nation like England that has been nearly starved out by a foreign foe can afford no mere sentiment to interfere with scientific conclusions. And Americans may assume that the British Admiralty is entirely unmoved by megalomaniac statistics of tonnage and engine-power. Even with deck armor, as shown to be necessary at the Battle of Jutland, the *Dreadnought* has to fear and will probably succumb to aerial bombs from a flight of seaplanes. This means for Britain something much more vital than the loss of *Dreadnoughts*. She is thinking of her food ships. What if aircraft can destroy them also?

THE SAFEGUARDS OF PEACE

BY MAURICE LÉON

THE words which follow are dedicated to three living men and the memory of one departed.

The living men are Henry Cabot Lodge, Will H. Hays, and Warren G. Harding.

The one departed is Theodore Roosevelt. The reason for this dedication will be apparent in the light of the facts dealt with in this article.

If there is to be peace in the world during the remainder of this century, Germany, willingly or unwillingly, must live up to the provisions of the Treaty of Versailles, particularly those which concern disarmament and reparation.

The dominant thought of the American people throughout American participation in the war was that German militarism must be destroyed forever. This thought, which inspired soldiers and civilians alike in their efforts to attain victory, was the result of the succession of events which had gradually taught the masses of our people that our fate as a free nation was at stake from the inception of German aggression upon France and Belgium, because that aggression was aimed at all human liberty. Either the aggressor was to be vanquished and kept disarmed, making a renewal of the onslaught impossible, or the state of armed peace in which Europe had lived as if on the brink of a volcano since Prussia's attacks on her neighbors began sixty years ago must inevitably be extended to us and keep us not only trained for war but armed to the teeth at all times, lest a conflagration started in one corner of the world should reach the edifice of our national well-being, and endanger its existence. That way lies ruin, under the weight of taxation superadded to existing war debt to pay for another war of even greater proportions.

By the Treaty of Versailles it is provided that Germany shall be disarmed and shall remain disarmed. It is vital to every free nation that the treaty in this respect shall be lived up to in letter and spirit. The fate of limitation of armaments, that is to say, of the maintenance of armaments at a reasonable minimum, is at stake. Unless the authors of the most stupendous aggression on human liberty since the beginning of time are kept in

a state of disarmament it is idle to expect that any free nation will risk its fate on the outcome of vague hopes of human good-will lacking the foundation of an existing condition of safety. And nations whose frontiers are maritime, as in the case of Great Britain and ourselves, cannot expect that nations with territorial frontiers—France, Belgium, and Poland in particular—should take precautions for their safety which are in any wise less effective for the purpose of their protection than our navy is for ours or the British Navy is for Britain's. Of course, the best precaution consists in keeping those shown to be bent on aggression in a state of real disarmament. As to this a recent warning has come from Berlin in the form of a New Year's greeting by General von Seeckt, Minister of War, exhorting Germany to trust in a sharp sword and a shining shield for her future.

In a dispatch published recently in a New York newspaper it was stated that Premier Lloyd George shied at every communication received from France signed "Foch," concerning the disarmament of Germany. I believe this story is an invention of German propaganda. It is now well established that Premier Lloyd George, in response to an appeal by Field Marshal Haig in the terrible days of March, 1918, exerted a preponderating influence in achieving allied unity of command under Foch—thanks to which victory was won—and certainly no act of the British Premier will serve so much as that one to make his fame enduring. No one knows better than the British Premier that if France is not safe from German or German-Bolshevik attack, Britain is not safe, nor is any free nation, and at Spa last July he entered into an explicit agreement with France to enforce respect by Germany of the disarmament provisions of the treaty. With Germany it must be kept in mind that disarmament cannot be effective within the bounds of safety unless rigidly enforced—a task far cheaper than that of dealing with a Germany which has been successful in evading disarmament.

Reparation has an important relation to disarmament which is not generally appre-

ciated. The German policy of aggression was built upon German economic expansion. In her years of prosperity Germany piled up the armaments which she used in inflicting the terrible wounds from which her victorious neighbors are still bleeding—wounds by far more serious than any she suffered herself. Having devoted so much of her energies for sixty years to purposes of aggression, Germany will be a much safer neighbor if for the next fifty years she devotes most of her surplus production and earnings to the purposes of reparation. The only serious hope of a change in German psychology lies in the effect on the German mind of an era of reparation when for the first time in German history German resources will be applied to making good the consequences of a German invasion. In this connection need it be recalled that more houses were destroyed in France's devastated area than are found in all of Greater New York with its population of over five millions; that the industries of northeast France were all but wiped out; that French coal mines are in utter ruin; finally that France sacrificed one and a half million of the flower of her youth who fell in battle and another half million maimed?

On September 6, 1918 (Lafayette-Marne Day), Roosevelt had said at City Hall, New York, speaking of America's debt to France for American independence:

I wish to insist with all possible emphasis that in the present war France, England, Italy, all the Allies, have rendered us similar services. The French at the Battle of the Marne four years ago, and at Verdun, and the British at Ypres; in short, the French, the English, the Italians, the Belgians, the Serbians—all the Allies, were fighting our battles exactly as much as they were fighting their own.

This led Roosevelt to add:

The peace that we win must guarantee full reparation for the awful cost of life and treasure which the Prussianized Germany of the Hohenzollerns has inflicted on the entire world; and this reparation must take the form of action that will render it impossible for Germany to repeat her colossal wrongdoing.

In an important address in the Senate concerning our war aims in the early part of October, 1918, Senator Lodge was equally explicit. The Republican program of a peace of unconditional surrender was a program of restitution, of reparation, of security for the future, not alone for ourselves, but for our Allies, who had fought the war during the four long years which preceded our four

months' fighting on the Western Front.

Such were the noteworthy utterances of the Republican leadership in 1918. Is it thinkable that the Republican party, having been sustained at the polls that year and swept into power by the election this year, will repudiate these utterances now?

Warren G. Harding, the standard-bearer of 1920, received that standard from the hands of Henry Cabot Lodge, who himself had received it from the hands of Theodore Roosevelt, the standard-bearer of 1918. These three men, the one who died and the two who are living, throughout the fight—which began in September, 1918, was won in November, 1918, and rewon, this time with all the consequences of victory, in November, 1920—relied upon the organizing genius, upon the high capacity and strongheartedness of Will H. Hays.

In order to make the peace conform to the war program of the Republican party it should be insisted upon that the military, naval, and air clauses of the treaty, constituting Part V. thereof and set forth in Articles 159-213, inclusive, of the treaty, contain a sanction for the enforcement of those clauses in the event of their violation by Germany, a sanction at present not to be found in the treaty.

The lack of such sanction has already done great mischief. In order to obtain Great Britain's agreement to enforce compliance with the provisions in said clauses which Germany had already disregarded, France had to make at the Spa Conference a serious sacrifice entailed by large gold payments to Germany which, as is now revealed, Germany is diverting to purposes other than those to which she agreed to apply these gold payments—among them propaganda expenditures. Such a state of affairs should be intolerable to self-respecting Americans, yet it is the unfortunate consequence of Mr. Wilson's acts and omissions at the Peace Conference in violation of the national will as expressed in November, 1918.

Following a long controversy at the Peace Conference, when the President insisted that France should accept the League of Nations as her bulwark against renewed German aggressions, France refused. The President then agreed to the so-called treaty of defense, but that treaty contemplates common action by France, Great Britain, and the United States only after a German aggression.

Why wait until then? Manifestly, no German aggression will ever take place if the

military, naval, and air clauses of the treaty are lived up to by Germany. Hence, to begin at the beginning, to prevent danger and not wait to act until the danger has arisen, it is manifest that there should be added to the military, naval, and air clauses of the treaty a clause whereby the principal Allied and Associated powers shall undertake toward each other the obligation to compel compliance by Germany with those clauses. If this is done, Germany will know that those upon whom she inflicted the enormous sacrifices entailed by the war will not take the risk incident to allowing her to prepare another onslaught, but will deal with her the moment she fails to comply with the disarmament clauses of the treaty. It will be then, and not when her preparations are completed, that intervention to prevent aggression can be had with the best consequences.

Any notion that because the United States is somewhat further removed from the danger of another German onslaught the American people may neglect safeguards against it is dangerous. Is it possible that that notion has not yet been dispelled? Shall it be necessary to wait until the Germans shall have perfected their air and gas preparations for another onslaught before believing that the not distant future will see the United States open to dangerous air attacks, and that a Germany dangerous to France, Belgium, and Great Britain twenty or twenty-five years

hence will be also dangerous to the United States, particularly to our populous communities on the Atlantic Coast? Let permanent disarmament be enforced upon Germany and compliance by Germany with the treaty can be confidently relied upon. In the contrary case, the opposite will be true.

Let the permanent disarmament of Germany be provided for effectually and any league or association of nations which the United States sees fit to join will be listened to. Otherwise the contrary will be true. Let provision be made ending German militarism forever, as the American people intended in 1918, and the Treaty of Defense may be entered into with full confidence that the aggression contemplated by it will not occur.

If the United States would promote peace, the American people cannot avoid facing the facts and doing their share. Such a great blessing as world peace cannot come about by merely wishing for it; one must be willing to do something for it and do it in the realm of tangible things.

Let German disarmament be enforced, and the danger of a German-Bolshevik combine against the world disappears, while the prospect of free nations being able to limit their expenditures for armaments becomes bright.

If the Republican party would vindicate its war record, it will dispel the illusions of peace by facing and acting upon the realities of peace.

HUGO STINNES, GERMANY'S BUSINESS GIANT

HAS Germany found the man endowed with the genius and capacity to turn the nation back from the brink of economic and financial ruin and start it definitely on the way to complete recuperation?

Not a few observers think it likely that such a man has been found, and the one to whom they point is Hugo Stinnes.

The press has fairly hummed for months with news of Stinnes's activities in the making of giant trusts, characterizing him variously as coal baron, paper plutocrat, potash prince, mining magnate, shipping seignior, industrial imperialist, boss politician, super-capitalist, great constructionist, uncrowned king, and destined savior of his country.

These are useful terms, perhaps, as hinting at the comprehensive sphere in which Stinnes moves and wields his power, but they reflect

little of the personality behind his extraordinary achievements. It has seemed worth while to attempt to get at the story of his life, with a view to discovering whether or not a really big idea is working in his mind and, if so, whether it be the right or the wrong idea.

Stinnes has a representative in America, who talked the other day for a long time about his chief to the writer of this article. The story which follows is based largely upon that talk.

Hugo Stinnes was born in 1870 at Mülheim, not far from Düsseldorf, and near the center of one of the great industrial sections of Germany.

He is not a Jew, as has been frequently stated in the American press. On the contrary, his father is said to have been of pure

Teutonic blood, while his mother (born Coupienne) was French, descended from the Huguenots, who fled to Brandenburg to escape the persecutions of Louis XIV, carrying with them and injecting into the life of that community the thrift and industrial skill which history credits with having done so much to make France the wealthiest of European states.

It would appear, therefore, that Stinnes comes naturally by many of the qualities which have contributed to his success and served to make him a conspicuous figure in the industrial life of Germany.

A Coal Baron at Twenty

It was coal upon which had been founded the modest family fortune that Stinnes inherited at the age of twenty. It has been coal, primarily, upon which he has built his huge industrial combines. He has mined coal as a common laborer in the pits, thought coal, talked coal, dreamed coal, and collected coal—until he now controls no less than sixty mines, with a total capacity equal to 10 per cent. of the entire production of the country in 1913, when Germany ranked third among the coal-producing nations of the world.

He enjoys the unique distinction of having once demonstrated that German coal could be economically and profitably exported to England. And he knows, of course, that Germany's economic life and her ability to meet obligations imposed by the treaty depend largely upon coal. That is at least one reason why Stinnes is fighting tooth and nail for a determination in Germany's favor of the fate of Upper Silesia, whose coal resources he believes cannot and will not be adequately developed except under the control of Germany, to whom they are so essential.

It should go without saying, perhaps, that Stinnes did everything in his power to help Germany win the war. He is said to have been a troublesome recalcitrant at Spa, and he has been pictured as "thinking up plans which will evade payment of the indemnity and leave in Germany a great deal of wealth, most of which will belong to him." Yet those who are in his confidence assert that he believes in accepting resolutely the consequences of defeat, and that he professes an abiding faith in the ability of his country to meet all, or substantially all, of whatever reparation demands may be made—provided it does not suffer loss of the Silesian mines.

But this is getting somewhat ahead of the story.

Stinnes' first contact with the world of industry came just before he had attained the age of twenty, when, upon the death of his father, he began to look after the latter's interests in coal. His technical and business training in the schools followed a year spent in the mines as a common laborer, during which he is said to have shown a peculiar grasp of the problems of the technique of production.

Truly an Industrial Giant

In a surprisingly short time after he had assumed full control of the properties he inherited they were realizing under his vigorous hands a larger earning power than anyone had imagined to be inherent in them. Encouraged by success, Stinnes began to look around for opportunities to expand. While yet a very young man he went into shipping on the Rhine, at first in a modest and more or less experimental way, but soon became a factor to be reckoned with in water transportation. He is now considered the most important shipping man in Germany, with complete ownership of a considerable number of relatively small concerns engaged in river and coastwise traffic, with interests in many different companies equipped for overseas commerce (including the Hamburg-American Line, which has recently entered into a working agreement with large American interests), and with control of several large shipyards.

It is not necessary to recount in detail the various steps leading to what Stinnes himself regards as his supreme industrial achievement—the union of the Rhenish-Westphalian Electrical Works, the Rodder Coal Mines, Gelsenkirchen Mining Company, and the Deutsch-Luxembourg Mining Company. Suffice it to say that the uniform success which attended all his early enterprises was not long in being recognized by other capitalists, among them August Thyssen, the steel and mining magnate, whom he was destined eventually to outstrip in the control of steel production.

As his prestige grew, Herr Stinnes was called upon to sit in the councils of one after another of the large industrial companies, until he is now chairman of the boards of no less than twenty-one and member of the boards of twenty-six others. His influence can readily be appreciated.

But to return to the Rhenish-Westphalian Electrical Works combine. This was the coördination of the vast natural resources, in-

cluding coal and iron ore, with the gas and electrical utilities in the territory having Essen as its center. It is significant to note that this combine came about as the fruition of ideas which Stinnes was developing long before the war—ideas based upon a system of industrial economy involving the establishment of the most intimate relationship between producers and consumers. And it is significant, also, that it was in connection with this combine that Stinnes worked out, for the first time in the history of German industry, the idea of joint ownership and control among cities, communities, and private capital—an idea which has become a part of the philosophy of the German People's party, of which Hugo Stinnes is the acknowledged leader.

The Stinnes Plan for Reconstructing Germany

Passing by his activities during the war—when he was not only engaged on huge contracts on his own account, but took a leading part in the organization of all industry for war purposes, and is said to have worked with his hands remarkably free from Government interference—we come to the more recent phases of Stinnes' career, which have made him the most-talked-about man in the entire German nation.

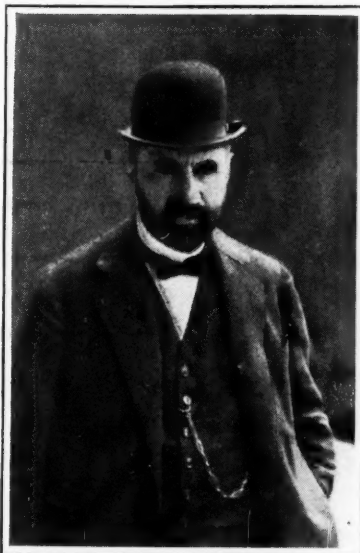
The association of his name with the marshalling of the numerous industrial trusts these last few months, involving an amount of capital of which there does not appear to be any authentic estimate, but which, if it were known, would doubtless stagger the imagination, together with his identification with various isolated enterprises of different descriptions, has led more or less naturally to the charge that he is apparently trying to grab everything in sight.

His friendly critics resent this charge, saying that he is not a "grabber"—that he is nothing if not methodical—and pointing to the way in which he has confined his operations in the main to the basic industries of coal, steel, and transportation. They say his ideas are, after all, intensive; and in support of that they refer to the following statement

by Herr Stinnes, which may be taken as a general outline of his plan for reconstructing Germany:

We must round up and organize our consumers of coal in the form of electricity, gas, water, or transportation into great concerns covering the largest possible areas. I will call them State Electrical Companies, State Gas Companies, State Transportation Companies. These companies must have industrial leadership in the boards of directors; state and communities must be majority stockholders. To these I would give the right, and even impose it as a duty to secure for themselves for a long period of time and under all circumstances the basis of their power. . . . To such concerns I would give the right

to use for themselves 90 per cent. of the increased coal production which they might bring about, the other 10 per cent. to be made available for the generality. . . .



HUGO STINNES

But I would go even further. I would give to all industrial concerns the possibility of pursuing this same course. . . . To carry out this plan would require . . . three or four years. One would achieve by it that all consumers of coal—and this consumption might consist in merely riding on street cars or using electric light—be united and would take upon themselves the financial responsibility and would be placed in position actually to finance these joint enterprises.

But you would create something else. You would create organisms which would be economically so strong that they could not be rooted up and carried away by a storm which perhaps in a few weeks or months may sweep over us.

A Plea for Increased Production

Analysis of this statement fails, indeed, to disclose anything original, anything that can be called a unique conception of industrial organization. What it really means is that Stinnes believes, first of all, that the sole specific for Germany's economic sickness is increased production. In emphasizing the acuteness of the situation in Germany in this respect Stinnes has said that any measure which might have the effect of decreasing production would signify literally the death of millions of the German people. Without increased production, he considers civil war by no means out of the question.

The statement means, also, that Stinnes be-

lieves production can be increased to the point of real effectiveness under the chaotic conditions prevailing in Germany, only by carrying industrial integration to the furthest extreme, as a means of effecting the necessary economies and assuring the essential credits with which to obtain raw materials from abroad; and that he would conciliate the socialistic sentiment which has grown to such large proportions in Germany since the war, by retaining in part the fundamentals of socialistic doctrine, while avoiding waste and dissipation, incident to the industrial interference of a disorganized state, by adhering to the principle of private property and leaving individual initiative unimpaired. With his program, as a whole, it is significant that Stinnes has, tacitly at least, the support of the majority Socialists.

He has said: "You must leave to the projector what is the projector's, namely, leadership; but you must see to it that labor gets as large gains as possible, at least a good living, out of the enterprise." He supports, if, indeed, he does not lead, the movement which is on foot for a repeal of the eight-hour law, one of the fruits of the revolution of last spring. But he advocates labor's sharing the profits of industrial enterprise through stock ownership.

Some Personal Sidelights

Stinnes himself would hardly deny that, however much he may have at heart the future welfare of Germany, he has been largely moved in his gigantic operations by personal ambition, and even by the primitive passion of conquest. In many of the recent instances in which he has gone outside the field of what he considers the keystone industries, his motive seems to have been merely to demonstrate ability to overcome obstacles which others have called insurmountable.

That motive is said to be the one, primarily, which lies behind his purchase of the *Deutsche Allgemeine Zeitung*—which his representative asserts, by the way, is Stinnes' only adventure into the newspaper field—undertaken solely in the hope of being able some day to point with pride to the achievement of developing a live and commercially successful publication from a puny, old-fashioned Government gazette.

Stinnes has undeniably made a great deal of money. He is far and away the richest man in Germany to-day. The estimates which place his fortune at a thousand million marks are probably not far out of the way.

Of course, those are paper marks, standing to-day in relation to the American dollar at barely a sixteenth of their normal value. Yet in Germany they place in Stinnes' hands the balance of financial power, and therefore the reins of leadership in the colossal industrial transformation which still goes on apace.

It has once before been pointed out in these pages that Stinnes may be likened to American industrial leaders to the extent that his method has not been one of amassing a fortune in money, but rather in constantly using his credit to start new operations. He is apparently not the Schwab, nor yet the Morgan, the Hill, or the Harriman, of Germany, but rather, as his American agent thinks, the Pierre du Pont, of whom it has been said that his chief interest lies in doing big things and having a great many of them going at the same time; that he believes real success lies in achievement on a sound and enduring basis; that he goes in for high production rather than high stock quotations; and that he will never be what used to be called a "money baron."

Whether Stinnes has builded on a sound and enduring basis, or whether his enormous industrial structure is liable to turn out to be a house of cards cannot be determined in the light of extraordinary conditions under which his operations have been carried on. Certain it is, however, that he is a man of tremendous energy, keen perception, and vivid imagination.

He knows that to have industrial stability Germany must first have political stability; and he is said to hold that the latter cannot be attained except through a longer tenure of central administration than it is the practice of republics to provide. Politically he is not, however, a reactionary to the extent of desiring the return of the Hohenzollerns to power.

Temperamentally Stinnes is a democrat, described as genial, explosive, and endowed with an impish humor. His domestic life is simple and devoted. His wife, who is pictured as a woman of rare charm and capacity, was a Montevidean, whose father was a prominent and wealthy German trader. He has six children, two daughters and four sons.

Stinnes has traveled little outside of Europe, but he is coming to America. It is safe to venture the prediction that he will be here soon after we are technically at peace. He believes that there are many ways in which American and German industry can effectively coöperate, and he is coming to look around for opportunities along that line.

THE STUPENDOUS FALL IN PRICES

BY GEORGE E. ROBERTS

(Vice-President of the National City Bank of New York)

THE great fall of commodity and security prices which occurred in the last quarter of 1920 was worldwide in extent and represented a reaction from the over-stimulated hopes and activities of the year following the war. After the armistice was signed, the business world hesitated to see whether or not the cessation of government war purchases would be fully made up by a revival of private trade. This proved to be the case. The armies were quickly absorbed by the industries, under the pressure of a backed-up demand for goods which for a time could not be satisfied. This was notably so in the clothing and dry-goods trades, probably stimulated by the return of the soldiers to civil life. The demand increased as the prices turned upward.

The crops of 1919 on the whole were only fair. Some foodstuffs of common use, like potatoes and sugar, were in short supply, and the cost of living advanced, while the demand for labor in the industries was such that wage-advances were granted freely. The strikes, particularly that of the coal miners, which curtailed the fuel supply, and the unauthorized strikes of railroad men in the spring of 1920, had considerable influence upon prices, and by early spring the general level of prices and industrial costs was very high.

Rising prices, particularly when continuous over several years, as they had been, except for the few months following the armistice, have a tendency to exaggerate the appearance of shortage. If orders are scaled down, buyers quickly adopt the expedient of ordering more than they actually want. Rising prices encourage over-buying and speculation in goods. A state of railroad congestion and poor transportation service also causes merchants to carry larger stocks than ordinary. All of these influences were factors in the abnormal rise of prices.

Of course, the war was the original and chief influence responsible for the abnormal

level of prices. The enormous demand which it caused for labor and supplies might seem to a superficial observer to create a state of great prosperity, but no one could believe that it was a genuine prosperity. It was a demand stimulated by destruction and waste, and based upon the credit and taxing power of governments. In normal times advancing wages and prices are accepted as evidences of prosperity. A city in which there is great industrial activity is said to be prosperous; but if that city was burned to the ground, and the high wages and prices resulted from efforts to replace what had been destroyed, the conditions would not represent prosperity.

Europe's Inability to Buy

The great spirit of activity in the year following the armistice could not be maintained because Europe, which had always been the center of the world's trade, was not in condition to resume its old activities. The purchasing power of the European people had been in their own powers of production, and these were paralyzed. Their inability to pay the taxes necessary to support their governments caused the emission of quantities of paper money, and this with the inability to export products has lowered the value of their currencies in the exchanges until it has become all but impossible for some of them to make purchases in other countries.

This situation first reacted upon this country in the demand for meats and dairy products, which began to fall off in the latter part of 1919. In the eleven months of 1919 to November these exports were \$1,096,811,330, and in the corresponding months of 1920 \$490,646,676. The corn crop of 1919 was not large, and the farmers who converted their corn into beef generally lost money by doing it. These losses were severe throughout 1920.

The next serious effect upon the United

States was in the prices of wool and cotton. The inability of the peoples of Europe to buy clothing has been the principal factor in the decline of these staples. We do not export wool, but the value of the wool grown in this country is affected by prices in the world's markets, and those markets have been congested since last summer by the accumulation of stocks. The clip taken last June was for months practically unsalable, and has been recently moving slowly at prices approximately 50 per cent. under those of the year previous. The low grades of wool, which, however, are largely imported, have suffered more than this.

Wool and Cotton Prices

It happened that the winter of 1919-1920 in the mountain States, where sheep-raising is an important industry, was long and severe. The losses of sheep and cattle were large, the amount of feed was short as a result of drought in 1919, and the owners were put to heavy expense in bringing feed from other States. They had to incur indebtedness, and the inability to discharge this indebtedness by the sale of the 1920 clip of wool has been a great drawback to that section of the country. The banks of that region have required help from the banks of other sections in carrying the load, and the diminished purchasing power of these regions has been a factor in the general situation.

The price of cotton was well maintained until in July, the highest price of middling upland in over fifty years, 43.75 cents per pound, being touched on July 23. About this time the British cotton-goods industry began to feel a falling off in the foreign demand for goods, particularly from Asia. Crops had not been good in India and for the first time in many years the balance of trade turned against that country, affecting adversely the price of silver, which is the currency both of India and China, and this seriously impaired their ability to buy in outside markets. Another factor, illustrating how the world markets are interlocked, was the loss to India of the Russian market for tea. A recent letter from the Indian Tea Association to the British Government stated that 224,000,000 pounds of tea were stored in bonded warehouses in London, and that this congestion was largely due to the loss of the Russian market. It said that all Indian commodities and trade were feeling the evil effects of the tea situation. Evidently it is a factor in the British cotton-goods industry

and in the prices of American raw cotton.

The cotton crops since 1914 have not been excessive. Indeed, they had given rise to anxiety that with resumption of world trade there would not be cotton to meet the demands. If the industries of Europe were functioning normally undoubtedly that would be the case.

No Market to Replace Europe

It is evident that the state of industry and of society in Europe is the unsound core of the world situation. Those countries, particularly Germany and Western Europe, were accustomed to receive raw material and foodstuffs from all parts of the world, and to export manufactures in exchange; but that interdependent relationship has been largely broken up, to the injury of all parties to it. Some people hastily assumed that new markets for manufactures were to be thus opened to the United States, and that we would benefit by the disablement of European industries. Some degree of this effect was experienced, but we are unable to take the products which Europe received, being to a great extent producers of such commodities ourselves. We would have to add the population of Europe to our own in order to take the place of Europe in the world's trade.

Decline in Standard Raw Materials

The purchasing power of Argentina, Australia and South Africa has been seriously affected by the decline in value of wool and hides, and in turn their purchases are less and the effects react upon Great Britain and the United States. Brazil is largely interested in coffee, cocoa and rubber, which have been affected in like manner, with like results. The plantation rubber industry of Asia is much depressed by the fall of rubber, which in the United States was quoted at 52 cents per pound at the beginning of 1920 and about 16 cents at the end of the year.

Germany was a large consumer of copper before the war, being among the foremost countries in electrical development. Its industries were active abroad in construction work of this kind, supplying capital for installations. That work is stagnant for want of capital, and the United States, which produces about 75 per cent. of the world's supply of copper, is affected. There is much idleness in the copper-mining districts and the stocks of copper-producing companies have declined heavily. The stagnation in

construction work over the world which has affected copper has had similar effects upon lead and zinc. The price of silver has been affected by the state of trade with Asia. In normal times there was a good balance of trade in favor of Asia, and silver was taken largely in the settlements, but owing to the decline of this demand the price has fallen

about one-half from what it was one year ago.

Below are given prices of twenty-five commodities in the last week of 1919 and the last week of 1920, with percentage of decline during the year. Unless otherwise stated they are prices in the New York market for "spot" delivery:

Commodity	1919	1920	Percentage Decline	
Cotton .....	.3925	.1475	62½%
Silk (raw)	13.20	5.75	56½%	
Wool (New York—scoured white cape)	1.45	.70	52½%	
Hides (Domestic—spready steer).....	.42	.21	50%	
Hides (Domestic—cow).....	.31	.12	61%	
Rubber (smoked ribbed).....	.52½	.16	70%	
Sugar (raw).....	.0728	.0539	26%	
Coffee (No. 4 Santos).....	.24½	.09½	61%	
Wheat	3.45	1.94	44%	
Corn (Chicago)	1.45	.68	53%	
Oats .....	.98	.61	37½%
Rye	1.99	1.78	10½%	
Flour (Minn. spring patent).....	14.00	9.00	35½%	
Pork (mess).....	47.00	29.00	38½%	
Coal (Bit. at New York).....	8.50-9.50	8.50-9.50	no change	
Petroleum (bbl. Okla.).....	2.75	3.50	27% increase	
Lumber (No. 1 oak planking).....	130.00	80.00	38½%	
Lumber (No. 2x4-inch studding).....	65.00	50.00	23%	
Linseed Oil	1.87	.80	57%	
Cocanut Oil .....	.19	.11¾	38%
Burlap (Calcutta).....	.165	.0565	66%	
Steel billets (Pittsburgh).....	38.50	38.50	no change	
Steel bars (Pittsburgh).....	2.75	2.35	14½%	
Pig Iron (Pittsburgh).....	40.00	35.00	12½%	
Copper .....	.18¾	.13	30¾%
Lead .....	.075	.046	39%
Zinc (spelter).....	.0885	.056	37%	
Rice (Fancy Blue Rose Domestic).....	.125	.0525	58%	
General average decline of above twenty-five commodities during 1920....				38½%
*Ocean freights (general commodities)	1.25	.30 to .40	Approx.	75%
Ocean freights (cotton to Liverpool)	.015	.0115	"	23%

*This is general commodity rate from New York to Continental ports (Havre, Antwerp, Rotterdam, etc.). Rates to U. K. have not suffered a severe decline.

Losses to Industry

The manufacturing industries have suffered severe losses by the decline of goods and materials in stock, and by the falling off in business. These losses are in part responsible for the decline in price of their stocks and bonds, although the unfavorable state of the money market is also a factor. That the holders of such stocks have not escaped sharing in the losses that are general in the business world is to be seen by the following table of stocks of some of the important corporations in different lines of business, with prices of their stocks at the highest point in 1920 and the lowest on December 28:

	High 1920	Low Dec. 28
Allis-Chalmers Mfg.....	53¾	27½
American Beet Sugar.....	103¾	37¼
American Can.....	61¾	22¾
American Cotton Oil.....	54¾	16

American Linseed	95	44½
American Smelting and Refining.....	72	29¼
American Sugar Refining.....	142½	88¾
American Tobacco	283	108½
American Woolen	165½	55½
Anaconda Copper	66¼	30½
Associated Dry Goods.....	67¼	18½
Atlantic Gulf & W. I. Steamship.....	176½	93¼
Baldwin Locomotive	148¾	80¾
Bethlehem Steel	967½	50¾
Central Leather.....	104¾	31¾
Cuba Cane Sugar.....	59¾	17½
Endicott-Johnson Shoe Company.....	147	48
General Electric	172	117¼
General Motors	42	13¾
Houston Oil	116½	60¾
International Mercantile Marine.....	51¾	11
International Paper	91¾	43
Kelly-Springfield Tire.....	152½	31
Lackawanna Steel	91¾	48¾
Mexican Petroleum	222	152½
Republic Iron & Steel.....	124¾	57½
Sinclair Consolidated Oil.....	48¾	21
U. S. Rubber	143¾	55
U. S. Steel	109	77½
Virginia-Carolina Chemical.....	80¾	31¾

In the list of stocks which have suffered will be found all the corporations which have figured in the sensational stories about great corporation profits during the war. Those profits were used for the most part to enlarge the industries, increasing productive capacity.

Equilibrium of Purchasing Power

Facts enough have been given to show that not only are all interests affected and that this country is suffering in common with all the world from the collapse of Europe and the disruption of normal trade relations. The highly organized, intricate, specialized system of industry and trade by which the world supplied its wants, and which had been gradually developed over a long period of time, has been suddenly broken down. The United States has within itself the resources to be more nearly self-supporting than any other country, and it has been often said that we could live almost wholly within ourselves. This might be true if we had developed our industries with that end in view, but we have found it advantageous to develop some of them with a view to supplying the wants of other peoples not so well supplied with natural resources as ourselves. We have been the chief source of supply for food and raw materials, and a large proportion of our people have been employed in these industries.

And just as the countries of the world are interdependent, and each affected by any misfortune which affects the buying powers of the others, so the various industries within this country are affected by any impairment of the productive or buying powers of one another. The present situation cannot be properly understood or a prompt revival of prosperity accomplished unless the principle of interdependence and reciprocity which underlies modern industrial society is clearly grasped. There is a normal equilibrium between the industries, domestic and international, which must be maintained in order that there may be a free circulation of goods, the desired consumption of goods, and full employment for labor everywhere. Under normal conditions, and with a free movement of labor between the industries, the population will tend to distribute itself in the industries in such manner as to keep them in balance, so that the produce of each will be fully absorbed by the others upon fair terms of exchange.

This state of balance between the industries—an equilibrium of purchasing power—

must be maintained in order to have prosperity. If the incomes of an important body of the people are suddenly and seriously reduced, not only that group but the entire industrial circle will be affected. That is the serious feature of the situation at this time. Farm products and other raw materials, which are largely dependent upon foreign markets, suffer most directly from the foreign situation, but approximately one-half of the people of this country live on the farms or in towns of less than 2500 people, which are closely dependent upon the farms. The buying power of these people is of great importance to the town industries, and it has been very seriously reduced by the decline of prices that has occurred. The great industry of agriculture and the town industries are out of balance, and it is necessary for the latter to take notice of the situation.

Either the prices of farm products must recover or the prices of other products must come down to correspond with them, if the farming population is to take its proper share of manufactured goods. This is a plain proposition in arithmetic, but there is a question of fair play in it also. If the farmer supplies his products to the town workers at prices one-quarter to one-half less than they were paying when their last wage-adjustments were made, the town-made goods which he receives in payment should be priced to him with corresponding reductions.

It may be that farm products will recover to some extent; it is quite possible that the headlong declines that have been made have gone too far; but it is to be considered that agriculture has recovered more rapidly in Europe than the other industries, and also that sooner or later Russia may be expected to resume her position as an exporter. Furthermore, the town population will gain no more by having the equilibrium restored through the rising prices of farm products than through a reduction of the prices of their own products.

The essential thing is to restore the equilibrium, so that a bushel of wheat and a pound of cotton or of meat will exchange for clothing, shoes and other manufactures on about the same basis as before. Neither side will be worse off for this, and both will gain, because upon no other condition can there be full exchange and full employment.

Foodstuffs and raw materials in wholesale markets as a rule fall faster than manufactured goods. The more labor there is in a

commodity and the more hands it passes through on the way to consumer, the more obstacles there are to a prompt movement of prices. In the long run the forces of competition bring prices into line, but there is a lag which is vexatious to the parties who take the first losses. As we have seen, the farmer has not taken all the losses by any means—the primary producers have all taken them, and so have many dealers.

The wage-earners are taking them now, partly by way of wage-reductions and partly by way of unemployment. The latter is most of all to be deplored, because it represents a total loss, nobody gaining from it. When the worker accepts a reduction of wages which is passed on to consumers, he is helping to restore the balance with agriculture and to reestablish normal conditions in industry, under which his own living costs will be lower and the wage-earning class will be as well off, probably better off, as a whole, than under the high scale of wages and high living costs. It is natural that wage-earners should wish to hold every inch of ground they have gained, but they are not relinquishing anything when they coöperate in a general lowering of costs and prices which does not reduce the purchasing power of wages.

This question of aiding the movement of goods of all kinds to the hands of consumers is the great question in industry and business.

There is such a network of relationships throughout the business world that it is very difficult to change the general level of compensation to workers and the prices which are based on it. A change from a lower to a higher level is accomplished readily, because everybody is interested in aiding that, but a downward movement encounters opposition everywhere. But when an important part of the industrial organization, which is dependent upon world conditions, suffers a serious loss of income, throwing the whole organization out of balance, there is only one way to remedy the situation. For the workers in the other industries to think that they can profit by the farmers' misfortunes, and enjoy a reduction in the bulk of their expenditures while continuing to receive the same incomes as before, would be unreasonable and shortsighted.

The United States is in better position to go through this state of world disorder than any other country. It is not embarrassed by foreign debts. It has an abundant surplus of products to exchange for such foreign products as it needs. It has a great field for ac-

tivity, ample to employ all its labor, in the development of its resources and the improvement of its industrial facilities. There is a vast amount of work to be done in the improvement of railroads and highways, the development of water power, and in catching up with the house-building and construction work that fell behind during the war. This work will proceed when the normal equilibrium between the industries is restored.

The lesson of the equilibrium in industrial and trade relations is one of broad significance. It teaches the essential unity of social interests, the necessity that each group, either in domestic or international affairs, shall consider the interests of the others. It teaches that the highest state of prosperity for every industry is to be found in general prosperity, and that the greatest prosperity for each country is to be found in connection with the prosperity of all other countries. It teaches the harmony of the economic law and the moral law; in truth, that they are one and the same.

Our highly organized, specialized system of industry is very effective in production and distribution, when it is in balance, with all the parts working together harmoniously, and exchanging products with each other. But it is a voluntary organization. We live under a régime of liberty. No authority attempts to distribute people arbitrarily in the industries, to compel them to work or to accept a given pay. It is a great coöperative organization, which may be thrown into disorder with great resulting losses and suffering. This state of industry and of civilization calls for a high order of intelligence and a highly developed spirit of social coöperation among the people. They cannot work together effectively unless they understand the whole scheme of organization by which the wants of society are supplied and their own parts in that scheme.

The late census of Russia shows that the great industrial and commercial centers are becoming depopulated. The modern industries, operating power-driven machinery, are disappearing, and the people are going back to the household industries, supplying their wants as they did in the Middle Ages. The present population of the United States cannot be supported in the present state of comfort by such methods of production, but unless people are far enough advanced to work together harmoniously in highly organized, large-scale industry, they will have to go back to the old methods and curtail consumption accordingly.

HOW RECOVERY WILL COME

THE PROCESSES THROUGH WHICH THE PRESENT BUSINESS DEPRESSION
WILL BE RELIEVED AND NORMAL PROSPERITY SUCCEED IT

BY DAVID FRIDAY

(Professor of Political Economy, University of Michigan)

THE continuance of agricultural production uninterrupted by the fall of prices and profits, the continuation of coal production and of transportation activities, the shrinkage of bank loans and the increase of the reserve ratio of both Federal Reserve and member banks, the exhaustion of stocks held by retailers and wholesalers, the restoration of normal efficiency on the part of labor, and the stabilization of prices—these are the factors which will bring about a recovery of production and trade.

Immediately speaking, business revival will come as a result of a renewed demand for the products of American industry. This statement is true, but it does not get us far. It is like the statement so frequently made nowadays that prices will stabilize when they become *normal*. This merely raises the question, "What are normal prices?" And so the assertion that revival will come from the renewal of demand leads us to inquire as to the conditions under which demand will revive.

The other evening a youth of sixteen inquired at the family dinner table how business could ever revive, since goods were bought largely with wages and profits, and these were the result of employment and production. "If labor is unemployed and is not receiving wages, how can the demand, which is necessary for reemployment, ever arise?" asked he. This youth expressed a question which is puzzling the public. He realized that production creates demand and is essential to it. What he overlooked was that production may continue for some time after demand ceases, just as in times of prosperity and optimism purchasing power can be manufactured by the banks and put at the disposal of its customers, thus increasing demand without previous production. The accumulation of capital in the form of stocks of goods absorbs output after demand has slackened and thus acts as a balance wheel in the business cycle; just as the banking system, with its

power to manufacture credit, furnishes an accelerator to demand and later to production at certain stages.

A period of depression is always initiated by a banking situation whose power of credit expansion is exhausted and which is accompanied by doubt as to the future of prices. There is lack of confidence among the buying public in those prices which have outrun the general rise. There is also considerable inefficiency on the part of both labor and management in the field of production which has driven costs so close to prices that profits are beginning to diminish.

The Buyers' Strike

Each one of these conditions was present in the spring of 1920. The banks of New York City reached the limit of their credit expansion late in 1919, and had not extended their loans after that period. The cost of building operations for both labor and material had far outrun the general price level. The wholesale prices for building materials in April, 1920, stood at 341 per cent. of 1913, as against 265 per cent. for the general price level. Cloths and clothing and house furnishings stood at 353 and 331 per cent., respectively. The average of these three groups of commodities was 342 per cent. of 1913, while that of the remaining six groups which make up the Bureau of Labor index number stood at 229 per cent. It is a significant fact that the buyers' strike began in these lines where prices were far above the general price level. It is interesting also to note that each of these groups consists of durable goods whose purchase can be postponed for months without seriously incommoding the ordinary routine of life.

In the case of building operations, especially residential construction, the curtailment came earliest and was most drastic. The reason is clear. Houses are durable products which the owner may wish to sell at some later date. The demand for products like

food, which are consumed in a few days or a few weeks, or like clothing, which the buyer intends to wear out himself, is one thing, the demand for a durable good, like a house, which ordinarily costs a man twice his annual income and ten times his annual savings, and which he is quite likely to wish to sell at some time in the future, is quite another thing. In the case of the short-lived goods which are paid for out of current income the demand will go on at much the same rate, irrespective of future price declines; in the case of the house which may have to be resold people will not build at prices which are in danger of falling later. When the cost of building material and of labor stood at three and one-half times pre-war prices the expense of building was driven to a point where the demand was curtailed.

Contrary to popular opinion, profits had also diminished in industry as a whole by 1919. The high-water mark of profits was reached in 1917. The highest profits reported by all corporations for any period previous to the outbreak of the European War were \$4,300,000,000. By 1916 they had risen to \$8,700,000,000, and by 1917 to \$10,700,000,000. Thereafter increased wages and decreased efficiency led to a diminution of profits in spite of increasing prices. In 1918 they had fallen nearly \$1,500,000,000, while in 1919 they decreased by another billion. These are the profits before deducting corporation income or excess profits taxes. So, despite the shrinking dollar, the volume of profits measured in terms of dollars had fallen markedly since 1917.

Out of this situation grew the so-called buyers' strike. It touched, first, building operations, textiles, and house furnishings. It was forced in part by a curtailment of bank credit. The Federal Reserve Board realized that the expansion of bank loans could not continue indefinitely. Credit expansion, which had come to an end in New York with the close of the year 1919, was bound to come to a similar conclusion in other parts of the country in the natural course of events, just as it had in 1907. The Federal Reserve Board knew this and took steps to check it in the spring of 1920. Its action curtailed the purchasing power which had been augmented by \$5,000,000,000 for the year ended June 30, 1920, through the expansion of bank credit. With the public suspicious of the price level, and with purchasing power curtailed by the action of the banks, prices began falling.

The prospect of falling prices always discourages buying; the situation during the last nine months has been no exception to this rule. With the cessation of purchases, unemployment and the curtailment of production were bound to follow. Once this had happened, the circle was complete. Production, purchasing power, and demand had all fallen to a new level.

Out of this condition of business depression qualitative changes will develop which are the antitheses of those which develop during boom times. Wholesale prices have already fallen more than 30 per cent. Stocks of goods are being reduced. As a result, the loans of banks are decreasing. In Detroit bank loans stood in December at 5 per cent. less than in June and deposits at 6 per cent. less. Their rediscounts and bills payable with the Federal Reserve Bank were likewise reduced. By March both bank loans and bank deposits will show a material reduction. The people will carry less money in their pockets. Federal Reserve notes will be paid into the hands of member banks, which, in turn, will use them to pay their loans at the Federal Reserve Banks, thus automatically retiring a considerable number of them. When this process has been completed the ratio of reserves to deposits both for the Federal Reserve Banks and for the banking system as a whole will have been increased so that banks can again expand credit without exceeding the legal limit. The technical banking situation will once more be in a normal state.

Who Will Buy in These Times?

In the meantime stocks of goods in the hands of retailers and wholesalers will have declined. In the face of falling prices retailers will not order beyond their most pressing needs. Purchases, however, will continue in considerable volume. Many people are still employed. Industries like coal-mining, railroading, public utilities, carry on their operations with but slight abatement. Even the laborers out of work continue to purchase and consume goods. They will do this in part on credit extended them by the retailer and in part with savings which they accumulated out of the high wages of the last four years. The savings deposits of all banks in the United States were close to \$15,000,000,000 on June 30, 1920. As these savings are used to buy consumption goods they have the effect of decreasing bank deposits on which reserves must be carried, of reducing the stocks of goods on the merchant's shelves,

and of enabling him to liquidate his loans. As soon as these stocks have been exhausted the merchant will renew his demand upon the wholesaler and the manufacturer. They will be able to supply that demand at a greatly reduced price. Because of the reduction in costs through decreased wages and increased efficiency, these lower prices will nevertheless yield the manufacturer a profit. The merchant and the manufacturer will have no difficulty in securing funds from the banks, whose improved technical position will enable them to extend credit freely.

Farm Production

When spring comes considerable numbers of the unemployed will be found upon the farms of their fathers and fathers-in-law. They will there devote themselves to planting a larger acreage of farm crops than last year. Farming is commercialized to a smaller degree than any other industry; profit and loss and the price changes which cause them do not play the same part in the farmer's production that they do in mercantile and manufacturing activities. Since his labor force consists mostly of himself and his family, and since he uses comparatively little material, he has no alternative to production except to allow his own productive capacity and that of his farm machinery to run to waste.

How important a part this fact of the independence of agricultural production must play in the revival of industry is evident from the following figures. They show that for

the last twenty years the value of farm products has been approximately equal to the value created by manufactures.

VALUE OF FARM AND FACTORY PRODUCTION

Year	Value of Farm Products	Value added by Manufactures
1899.....	\$4,717,000,000	\$4,831,000,000
1904.....	6,122,000,000	6,294,000,000
1909.....	8,558,000,000	8,529,000,000
1914.....	9,895,000,000	9,878,000,000
1918.....	22,480,000,000	*23,000,000,000
1919.....	24,982,000,000	*24,000,000,000

* Estimated.

The figures for manufactures for 1918 and 1919 were estimated from the reports of a large number of manufacturing corporations.

The exhaustion of stocks and the resumption of purchases by the retail trade will set in motion once more the orderly processes of production and demand upon a higher level of activity. The manufacturers will employ laborers to produce the goods demanded by the wholesalers and retailers, thus putting the laboring population in possession of power with which to buy these goods. When this happens prices will be stabilized on the basis of costs prevailing at the time buying is resumed, plus ordinary profits. The price thus established will be normal, for it will be the price that corresponds to cost of production with labor working at a normal state of efficiency. What that cost of production will be depends upon how quickly the demand for goods revives, and upon how much wages per unit of output have fallen at that time.

HOW THE TAXPAYERS' MONEY IS SPENT

BY STANLEY H. HOWE

(Director, National Budget Committee)

"If I were a business man and could be permitted to do it, I would undertake to run the Government for \$300,000,000 a year less than it is now run for."

It was February 5, 1910, that Nelson P. Aldrich in a speech in the Senate of the United States made that sensational declaration which so startled the taxpayers and business men of a decade ago.

During the ten years following this declaration, we have witnessed a riot of reckless spending* unprecedented in our history. Uncle Sam spent less than a billion dollars

in 1910. Seven billions was the toll for the fiscal year ending June 30, 1920.

Senator Aldrich never indulged in flights of fancy. To-day he might not agree with Roger Babson, the statistician, that a business administration of the Federal Government would save \$2,000,000,000 a year to the people of the United States, but as a conservative statesman he would at least go as far as Senator McCormick in the conclusion that "an effective centralized control of the executive estimates, with a view to the income, might save a half-billion dollars."

A half-billion dollars a year, paid by the people! This amount of money would have met the total expenses of the administrations of Washington, the two Adams, Jefferson, Madison and Monroe.

With many persons it seems still to be a fundamental principle of the mind that figures can not lie; but the most enthusiastic devotee of statistics must admit that they more frequently conceal than disclose the truth to the average man who has little or no time to search out their hidden meanings. Walter Bagehot said, "There are lies, damned lies, and statistics"; and there are men who think he understated the truth at that. Then, too, it is not every person who has a taste for abstract speculation, and mere statistics are the most abstract things in all literature.

The statement that the ordinary disbursements of the Government increased from \$1,147,898,991.16 in 1917 to \$8,966,532,266 in 1918 and reached the amazing total of \$15,365,362,742 in 1919 does not impress the average man and woman half as profoundly as the much more personal fact that each citizen must account to the Government for all his business transactions, by a complicated process which practically eliminates the possibility of concealment. And, having accounted with great labor and tribulation, the citizen must then turn over to the Government a goodly share of his earnings to be spent he knows not how.

The accounting process has long been recognized as one of the most drastic and effective procedures known to the courts. Its application to public affairs in this country has generally been limited to the silent audit which never attracts public attention, and to an occasional legislative investigation which is more often spectacular and sensational than useful. But with the searching inquisition of the income-tax and the registration for military service, there has arisen a new popular conception of the relation between the people and their government, a trust relationship.

It is no longer a novel theory that "public office is a public trust," even if it is neglected and ignored in practice, by the people as well as by the office-holder. If, however, the Government can inquire into the citizen's private business to discover what profits he has made, surely the citizen will soon realize that he is entitled to inquire into every transaction of the Government to discover how his public servants have spent and pro-

pose to spend the forced tribute exacted from him. Indeed, if the citizen is alive to his own interests, and alert to protect them, he must insist on the fullest disclosure, and demand that for every dollar of taxes paid the Government must render a dollar's worth in service. And he will apply the same rule to every employee of the Government from the highest to the lowest.

Our National Pride in Big Figures

The growing burden of taxation and the newly developed consciousness that every citizen is a taxpayer, directly or indirectly, tends to modify that old national habit which led so many of us to use our statistics just as the small boy uses the notches on the door-jam to show how he grows. You can almost hear one of us saying with a touch of pride: "In 1840 our national debt was only \$3,500,000 and our ordinary disbursements were only \$24,000,000; by 1907, however, our debt was \$894,800,000 and our disbursements \$551,700,000. And even that doesn't half tell the story. In 1919 our interest-bearing debt totaled \$25,000,000,000 and our disbursements amounted to \$15,000,000,000. Is there any other nation on earth that could do it and not go broke?"

That was all very well for the growing-boy stage, but the full-grown man, the big brother of the nations, must have a different point of view. The citizen who is forced to account for his income to the last penny cannot escape the reflection that twenty-five billions of debt means that over a billion dollars a year must be paid in interest alone, and that a sinking fund must be created to meet that debt as it falls due. It is a matter of pride that we paid bravely during the war, but it is a very solemn and sobering fact that we must go on paying after the conflagration is over. There is always something terrifying to the debtor in that silent, ceaseless force which extracts interest by night as well as by day, in winter as well as in summer, and brings the day of payment with swift foot. In 1923 nearly six billions of Victory-Liberty bonds, war-savings certificates, and treasury certificates will fall due and have to be taken care of, by payment or refunding. True, that is less than one-fourth of our total indebtedness, but it is more than the total ordinary disbursements of the Government during the eight years from 1900 to 1908, which were so great as to cause serious alarm among statesmen and financiers.

Such considerations force the thoughtful man to the conclusion that there can be no substantial reduction in taxation without drastic measures of retrenchment. And this conviction leads him to a careful study and consideration of government expenditures, which would once have bored him to death.

Business Men Demand Business Methods

For once at least the practical man of affairs and the theorist are in agreement. With hardly a dissenting voice they unite in declaring that the business organization and business methods of the Government are antiquated and must be modernized in order to get results effectively and economically, and make possible the retrenchment so evidently necessary. Practical men are no longer satisfied with the annual Congressional boast that the estimates have been cut one billion, or two billions, or even more; nor with the ever-recurring claim that the appropriations show a great saving when measured by the estimates. The undisputed fact that Congress uniformly cuts the estimates has fixed the public attention on those estimates and led to the discovery that from the manner of their making, they are most unsatisfactory and of little value. The financial history of the Government since the beginning of the present century discloses the fact that the unscientific and unbusinesslike character of the estimates has made them too often the excuse and justification for swollen appropriations; and always, the system, or lack of system, has made possible the evasion of responsibility for waste and extravagance. Hence the demand for a National Budget.

It is surprising, but true, that the earliest alarm at the growing cost of the Government should have been sounded by the very leaders who officially controlled the estimates and appropriations, and that it proved impossible to arouse the people, those most vitally concerned, to the danger of the situation. An organization such as the National Budget Committee, which has its members in every State in the Union, could not have maintained its existence in the days when President Taft, Senator Aldrich, and Chairman Tawney were crying in the wilderness at Washington.

With the lapse of time and change of conditions, there has been a revolutionary change in the attitude of the people, especially of the practical men of affairs. The specialized efforts of the National Budget Committee are now reinforced and supplemented

by the action of business and civic bodies throughout the land; and the work of informing, crystallizing, and organizing public opinion in favor of national thrift goes on without interruption; and more and more the taxpaying citizen pushes his investigation of governmental activities, organization, methods, and expenditures. The further he advances the more ready is Congress to co-operate with him, for at no time is it possible for Congress to rise much above or fall far below the standards of the people.

This new order of citizen is not impressed by the exaggerated accuracy and meticulous precision which calculates the financial needs of a great executive department so closely as to appropriate for its use an odd three cents when it is granted over thirty-four million full dollars, especially when it is necessary to rush through an Urgent Deficiency Act calling for more than thirty-three million dollars. But this up-to-the-minute citizen is tremendously concerned by the fact that Congress found it necessary to appropriate seven billion dollars to run the Government during the fiscal year ending June 30, 1920—an amount more than ten times as great as the total annual average expenditures of the Government from 1898 to 1905.

The Treasury combined statement has not been issued, when this is written, but the following table has been carefully prepared by experts for a study of "The Executive Branch of the United States Government," issued by the National Budget Committee, 7 West 8th Street, New York.

RECAPITULATION OF APPROPRIATIONS FOR FISCAL YEAR 1920

Legislative	\$18,899,687.03
Executive Proper	221,080.00
Department of State.....	12,313,743.16
Department of War.....	861,465,699.64
Department of the Treasury....	1,423,921,594.35
Department of the Navy.....	637,544,113.54
Department of the Interior.....	268,398,697.13
Department of Justice.....	17,229,282.73
Post Office Department.....	471,750,370.26
Department of Agriculture.....	143,187,541.50
Department of Commerce.....	34,532,720.03
Department of Labor.....	8,278,062.03
Independent Establishments....	1,969,664,423.98
District of Columbia.....	17,721,049.94
Miscellaneous Objects.....	1,134,260,047.67

Total \$7,019,388,112.99

Even this sort of a summary does not begin to satisfy our now thoroughly aroused citizen. He wants to know. He is from Missouri. Why is over 40 per cent. of the

money appropriated by Congress expended by independent establishments and for miscellaneous objects rather than through the ten great executive departments of the Government? Why should any establishment be independent anyhow?

This opens up a far-reaching inquiry and assumes vast significance when it appears that three of the independent establishments each spent a greater sum than half the executive departments combined. One can't help wondering just how the business of the Government is organized and conducted after all. Surely there must be some rational system in a business concern whose treasury operations footed \$20,300,000,000 receipts and \$19,900,000,000 disbursements in 1918; \$34,500,000,000 receipts and \$34,800,000,000 disbursements in 1919; \$22,500,000,000 receipts and \$23,400,000,000 disbursements in 1920.

Scattered Appropriations

When we turn to the one-billion-four-hundred-dollar appropriation for the Treasury Department and attempt to go into detail, we are confronted by the same vicious uncertainty and confusion. Everybody knows what a treasury is and has some idea of its functions. One can easily understand the \$1,032,000,000 for interest on the public debt. That twenty-five billions of debt is a perpetual nightmare. One can understand the \$29,000,000 for the Bureau of Internal revenue, the \$30,000,000 for the Customs Service, and even the \$3,000,000 for the Prohibition Commissioner, though why the latter should function in the Treasury Department is somewhat of a mystery. But the mystery deepens when we discover here \$198,800,000 for War Risk Insurance, \$17,000,000 for Architecture, \$6,000,000 for Engraving and Printing, \$33,000,000 for Public Health, and \$11,900,000 for Coast Guard; and attempt to discover what these things have to do with the financial affairs of the nation.

If our zealous citizen approaches the matter from another angle and undertakes to determine how much the Government has spent on special matters, such as public health, education, or public works, the difficulties are not less.

For Public Health Service, as we have already seen, the Treasury Department received \$33,000,000; but the Department of Interior received \$1,235,000 to support St. Elizabeth's Hospital and \$89,915.99 for the Freedman's Hospital. The United States Interdepartmental Social Hygiene Board, an

independent establishment, received \$1,400,000 for its health work, and part of the \$17,550,000 granted to the Census Bureau in the Department of Commerce was expended in the collection and dissemination of vital statistics.

Appropriations for the educational work of the Government are also widely scattered. It is often difficult to determine whether a particular activity is primarily educational or only incidentally so, but it is evident that the following are either exclusively or largely educational activities. The Interior Department received \$2,700,000 for the Bureau of Education, \$121,900 for Howard University, and \$18,600,000 for Indian affairs. The Labor Department received \$280,000 for its Children's Bureau. The Federal Board for Vocational Education, an independent establishment, received \$41,000,000, and Columbia Institution for the Deaf, another independent agency, received \$109,000.

The appropriations for public works are even more difficult to combine. On what are clearly public works the Interior Department spent over \$25,000,000, through eight or ten agencies; the War Department over \$44,000,000 through as many more; the Department of Agriculture over \$110,000,000; the Treasury Department \$17,000,000; and various independent establishments several millions more.

It is evident that if the taxpayer-citizen is to succeed in carrying out his new civic impulses to reduce taxation, he must do something more than study Government financial statistics and urge national thrift as an abstract principle. He must cooperate with his fellow-taxpayers and his representatives in Congress in bringing about a practical reorganization of the Government business.

No additional arguments for governmental reorganization and the National Budget are required; the old ones are conclusive and convincing if properly brought to the attention of the people. What is now needed is action; and action is to be expected only when organized public opinion demands it. The man or woman, who knows and realizes the critical character of the present situation, must cooperate with other like persons in an organized effort to kindle that passion for the public welfare and service which creates the will to do.

If we were once too proud to count the cost of a Government undertaking, we must now be ashamed to tolerate the unrestrained practice of public waste and extravagance.

THE LINCOLN MEMORIAL

AND NOTES ON OTHER RECENT ART DEVELOPMENTS
AT THE NATIONAL CAPITAL

BY GEORGE PERRY MORRIS

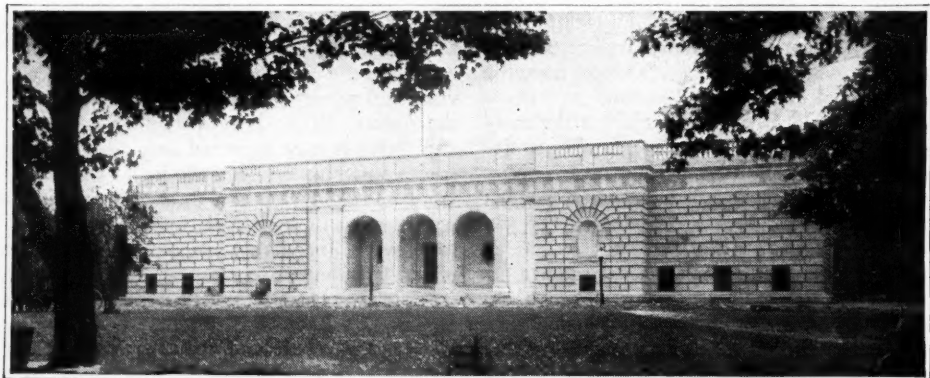
THE national capital's importance as a cultural center waxes. During 1921 this fact will be disclosed strikingly, especially in the field of art. After several postponements the Lincoln Memorial will be dedicated this Spring, with a splendor and dignity befitting the occasion, and worthy of the great democrat and humanist so commemorated and also of the three artists—Henry Bacon, Daniel C. French and Jules Guerin—who have brought to perfection the nation's finest achievement to date in elegaic art.

Likewise ere long the people will pass within the doors and revel in the treasures of the Freer Museum, designed, built and paid for by Charles L. Freer, of Detroit, as a perfectly appointed home for the American and Oriental art collections that he gave to the nation and entrusted to the administration of the Smithsonian Institution. To lovers of the art of Whistler it will always be a Mecca, for Freer in this field had an unrivalled collection in some respects; and the collections of Oriental art will fill a gap formerly existing in the city's array of art wealth. This museum is so endowed that it will grow steadily, and priceless

treasures come to it month by month without special heralding.

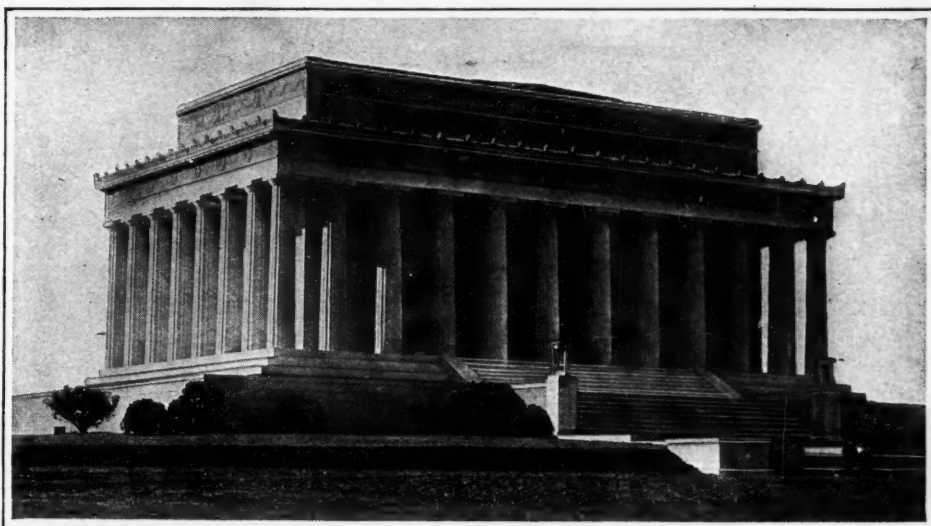
The Nation's Memorial to Lincoln

To the credit of the lawmakers be it said, however, that from the day in February, 1911, when Congress named a commission to plan and erect the Lincoln Memorial, down to the present time they have risen to their privilege as coöperators with a reverent public and an expert advisory board. Money from the treasury approximating \$2,750,000 has been voted. After the controversy over the site was composed, "politics" took their flight, and common sense and good taste ruled. Fair competitive tests were established, and in the award merit counted. In April, 1912, Mr. Henry Bacon was commissioned to prepare the final design, and in June it was approved by the Fine Arts Commission. A site was chosen on a parkway near the historic Potomac, nigh unto the Virginian heights of Arlington and the home of Lee; and so placed that the memorial is on the main axis of a city plan, the other focal points of which are the Capitol and the majestic Washington Monument. Isolated and "remote from the common habita-



THE FREER MUSEUM IN WASHINGTON, ABOUT TO BE OPENED TO THE PUBLIC

(The late Charles L. Freer, of Detroit, set apart \$1,000,000 for this building to house the collection of art which he had previously given to the nation. The gallery stands on the grounds of the Smithsonian Institution)



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THE LINCOLN MEMORIAL IN WASHINGTON, OVERLOOKING THE POTOMAC

(The illustration fails to afford an adequate idea of the stupendous impressiveness of this marble structure, erected as the nation's memorial to Abraham Lincoln. The building was designed by Henry Bacon. It has a frontage of 156 and a depth of 84 feet. Around the top are the names of all the States, and inside are a seated statue of Lincoln by Daniel C. French, and bronze tablets with the Gettysburg Address and the Second Inaugural)

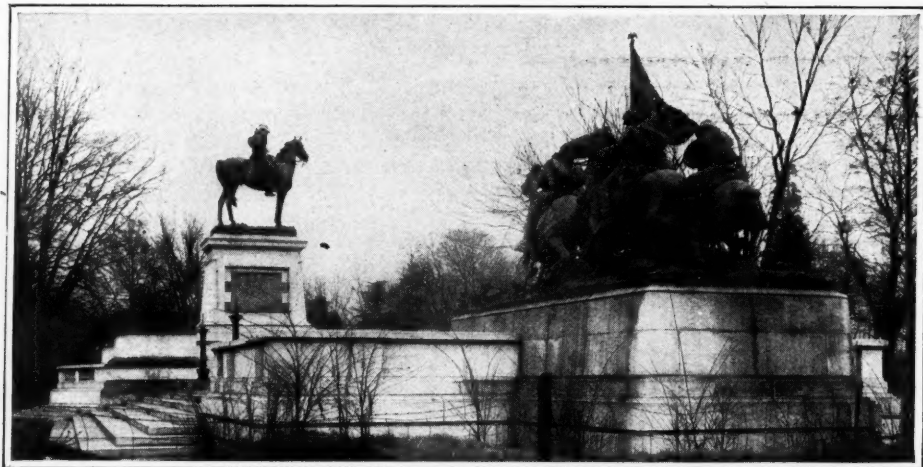
tions of men," as John Hay said, endorsing the site, and "apart from the business and turmoil of the city, isolated, distinguished and serene" the Memorial now stands ready for its formal dedication.

Its main features are a seated statue of Lincoln, by Daniel C. French; bronze tablets of heroic size with the texts of Lincoln's Gettysburg speech and his Second Inaugural; and mural decorations depicting "Emancipation" and "Reunion," by Jules Guerin. The building is classic in architecture; built of marble and bronze; in dimensions, 156 feet long by 84 feet wide; raised on a terrace so that its height will be 122 feet above the roadway grade. The nation's homage is to be paid enduringly in terms of beauty to a personal incarnation of goodness, moral might, and inclusive human love. The Illinois railsplitter is to have a memorial, simple, dignified and grand; one that widely traveled Americans and informed foreigners who have had full opportunity to study the memorial already agree is to "stand a supreme accomplishment of memorial art, comparable with the greatest of the world's works."

Design, construction and first use of this national shrine happen to have coincided with an unprecedented general turning of the world's thought to Lincoln the man and the wise statesman. Idealists everywhere, in the grip of war, have turned to study the career

of the man who by war held a nation together and also freed men from bondage. The patience, wisdom, generosity, inflexible will but fluid method, and atoning sorrow and tragic death of the man have drawn non-American peoples and their statesmen and artists to study Lincoln's career and derive help from it. He looms larger to-day than ever before as a major personage in world history. Lord Charnwood's biography, John Drinkwater's moving play, the British welcome to Barnard's and Saint Gaudens's statues of the man, and Lloyd George's repeated citations from Lincoln's documents of state as advice suitable for civilization's present sorrow and peril—these register the change that has come in the England that derided Lincoln during the Civil War.

The fact is that the world over Lincoln is coming to be universally revered and loved. No myths or miracles or disputed words or deeds hamper approach to him by the most rational of contemporary thinkers and servants of humanity. There are fewer heretics to-day in the "Lincoln religion" than in any other. Disillusioned or skeptical Christians, Jews, Moslems, Confucians and Brahmins find in him a model whose historicity is beyond dispute and whose life is an inspiration to imitation because he lived as he taught, officially as well as personally; and under vast burdens of responsibility, as well as



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THE GRANT MEMORIAL AT THE FOOT OF CAPITOL HILL IN WASHINGTON

(The face of this memorial monument to General Ulysses S. Grant is veiled, awaiting the formal dedication ceremonies. It is now eighteen years since Henry M. Shady was awarded a commission for the execution of the memorial, after his design had been selected from many plans submitted. The group in the foreground depicts a cavalry charge during the Civil War, while a similar group on the other side of the monument shows an artillery charge. The pedestal, which measures 265 feet from end to end, was designed by Edward Pearce Casey)

when a private citizen, was both ethically and spiritually a brother of all men.

The Grant Memorial by Shady

The statue of General U. S. Grant, designed by Henry Merwin Shady and recently placed in the Botanic Gardens near the Capitol, will complete one of the most satisfying memorials of the Civil War; and in due time, when given the suitable setting that the Fine Arts Commission plans for it on its present site, the composition will compel attention and respect.

Other New Sculptural and Architectural Features

The year opens with Dupont Circle beautified by a new monument in memory of Admiral S. F. Dupont, of the famous Delaware family, makers of gunpowder and explosives for generations. Designed by Daniel C. French and Henry Bacon, who are getting habituated to teamwork of this kind, this new fountain monument is significant for more than one reason. To see it is to fall under the spell of its intrinsic esthetic merit. It is symbolic rather than realistic and photographic as its predecessor used to be. Ideals and ideas for which the man stood are stressed, rather than the personality of the man. For this is a substitute monument. The portrait effigy that it has superseded has been exported to Delaware

by the Duponts, whose taste has increased with their wealth. The incident provokes daily prayers that other "portrait effigies" scattered over the city after the Civil War may be similarly dealt with.

Within the year Washington will be the proud possessor of more of the completed work of a sculptor, James E. Fraser, an artist whom many persons consider to be the Saint-Gaudens of to-morrow. His work for the Government as a medallist already has given him high international rank; and the memorial statue by him, recently erected in Rock Creek Cemetery (nigh unto Saint-Gaudens' masterpiece), which Fraser calls "Journeying Through Life," is even now attracting to it pilgrims from afar. Soon the south side of the Treasury Building will have belatedly adorning it Fraser's statue of Alexander Hamilton; and in the vicinity of the Lincoln Memorial just off the Potomac Parkway there will arise relatively soon a memorial of John Ericsson, of *Monitor-Merrimac* fight fame, paid for by Congress and by the Scandinavians of the country, and designed by Fraser, who won in the open competition.

If Congress, as seems likely now, makes possible the financing of the project, the National Hall of Archives will begin to arise this year. Site, plans and all other details are arranged for. Further delay will raise scandal to the *nth* power.

If the many sects that own descent from John Wesley complete the requisite details in financing a federated Methodist proposition, then August Lukeman's fine equestrian statue of Francis Asbury, the pioneer itinerant bishop, will be cast and soon set up in the Mt. Pleasant region. To date the city is singularly barren of statues of the nation's spiritual leaders.

Given resumption of anything like normal costs of building and the Chamber of Commerce of the United States will soon begin erection of the \$750,000 headquarters designed by Cass Gilbert. It will arise on Lafayette Square and will harmonize in general architectural features with the projected series of public buildings, including a new Department of State, that is to be erected about this historic parklet.

Unfortunately abnormal and grave conditions of national finance, forcing pruning of appropriations to a bare-living scale of expenditure, presumably will estop projected immediate erection of buildings for many of the most important departments and bureaus of the Government. Congressional action already taken hostile to the educational interests of the District indicates that the average legislator is not going to look with favor on some of the projects sponsored by the more far-seeing of the executive officials and endorsed by the Fine Arts Commission, projects that as to site and plan conform with the essentials of the memorable L'Enfant plan of 1792 and the Burnham Commission plan of 1901.

This robbing the Peter of art to pay the Paul of lowered taxes may halt for a time the fine project to create in the Mt. Hamilton and Anacostia River region the world's ultimate finest botanical garden; it may delay erection of a building in which to house the rapidly accumulating treasures of the National Gallery of Art and the construction of finely designed new homes for great governmental agencies in the region along the Mall south of Pennsylvania Avenue. But while the legislator, with his eye on the taxpayer, balks, individual donors and memorial associations will proceed with their own plans. The admirers of Theodore Roosevelt



THE FOUNTAIN ERECTED IN MEMORY OF ADMIRAL DUPONT
IN WASHINGTON

already have funds in hand making possible relatively prompt construction of a memorial to him, and on a grandiose scale. The offer of the Knights of Columbus to take several million dollars from their surplus fund, acquired during the war, and to erect a memorial to the members of the A. E. F. who "went West" assures another ambitious plan's relatively speedy functioning. In both cases the Fine Arts Commission already has coöperated in inspection and selection of possible sites; and not until the commission approves of the plans will a stone be laid or a dollar spent in construction. If Washington has a higher cultural ideal and finer esthetic taste it owes much of the evolution to this unpaid, inadequately housed, but highly competent body of men, who give advice of a rare kind, and by none more lavishly or intelligently than by Charles Moore, the chairman, who joined the body in 1910.

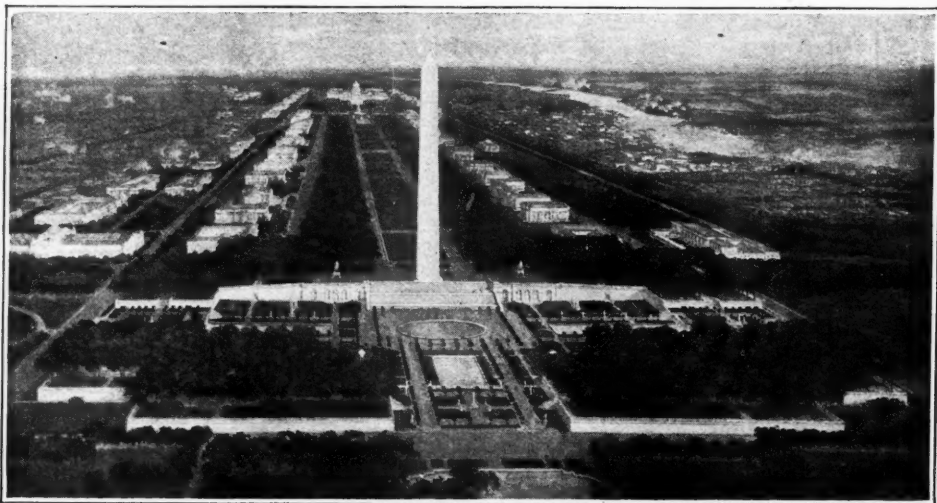
Fostering National Art Interests

No description of present or coming betterments in Washington's status as a national art center, however skeletonized the narrative, would be conclusive that did not register as primary in the accounting the recent formal creation of a distinct national art department, to be headed by William H. Holmes, an artist of eminence and an international authority in anthropology and archaeology. To be sure, he is not a Minister of Fine Arts and will not have a cabinet seat, as Joseph Pennell, Walter Damrosch and other champions of this scheme for federal support of esthetic ends argue that he should have. But he will be a wise administrator and planner of the work out of

which the more ambitious project some day may flower. Since the nation in 1919 first let it be known that it stood ready to favor a national collection of art and to house and protect such a collection, collectors of eminence throughout the country have been turning Washingtonward to make the nation a trustee and depository of their collections; and the gifts have averaged \$600,000 in value annually ever since. To date the outstanding prize won for the people forever has been the Freer collection. From the great war the nation also has profited by having this new agency through which to function. All the processes of art, often executed by men of highest talent, now have stored their records of the Great Armageddon with the official custodians of these pictorial archives; and the bulk is now so great and the quality of the collections so high that Congress will be fatuously niggardly if at once it does not provide adequate quarters for safe storage and for worthy display.

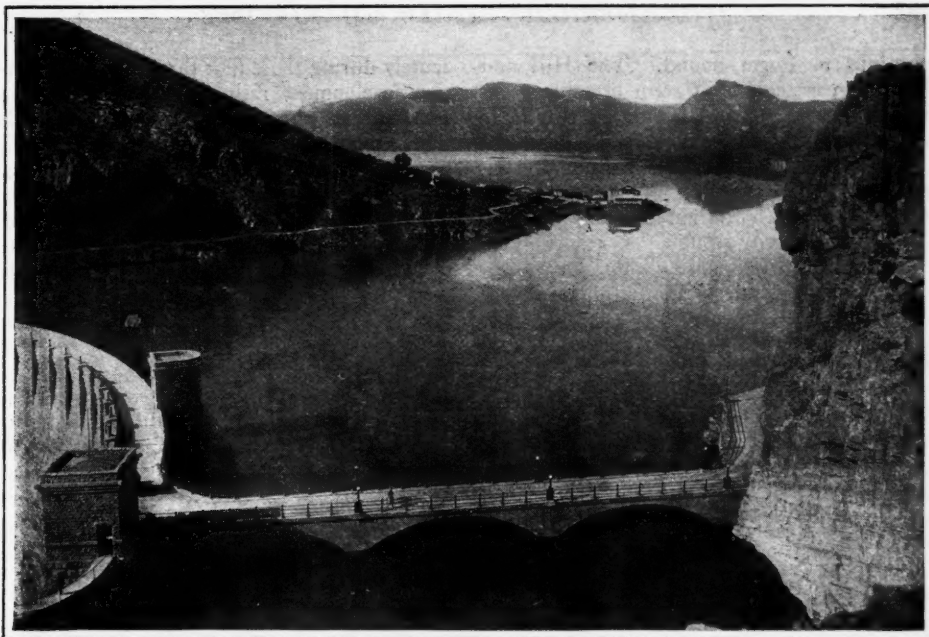
A person cannot witness at close range, the incessant and ever mounting concentration of national and international interest in Washington, involving as it does an almost hectic rush of important persons to the city for conference on public and vocational interests, without realizing how far-ranging is to be the educational influence of the art of the capital upon this host of influential visitors. The "mere politician," the conventional tourist, and the "newly weds"—they are coming as of yore. But the war and the

reconstruction periods have started capitalward higher types of nationals and of foreign visitors. The city is becoming the permanent administrative center of great juridical, educational, scientific, professional and vocational interests. Their respective adherents are to assemble regularly in the city hereafter. Whatever they find well done in the capital many of them will try to have equally well done in their home towns or cities. From which fact the following claim arises: "The more the nation does to make the capital lovely the sooner the country at large will rise to a corresponding esthetic level of appreciation and achievement." National executives seldom fail to see this logic, and they act accordingly. The crying need now is for Senators and Congressmen who will give Art a recognition that is her due. If Washington, Jefferson, and Roosevelt were Presidents with visions in matters of art, who have left their stamp upon the capital's external adornment, then with equal propriety James McMillan, long time U. S. Senator from Michigan, may be cited as the lawmaker par excellence who had artistic vision and who used personal and official power to foster beauty as a jewel in the crown of democracy. He labored and he gave of his fortune to create on the Potomac "a unified, organized and magnificent capital city to express by its permanence and grandeur the power and stability of the Republic," to quote Charles Moore, present chairman of the Fine Arts Commission.



MODEL OF THE MALL

(Made for the Park Commission. Looking from the site of the Lincoln Memorial, up eastward, to the Capitol, showing future parking, and the proper alignment of public buildings)



ROOSEVELT LAKE, IN ARIZONA, STORING FOUR HUNDRED BILLION GALLONS OF WATER FOR IRRIGATION PURPOSES

(The remarkable growth of the Far West in the last decade had its roots deep in the soil; it was the response to the reclamation of arid land through irrigation projects of unprecedented size. This Roosevelt Dam, completed in 1911, creates a lake 240 feet deep and stores the waters of the Salt River for the supply of irrigation systems running through what had been desert land in Arizona. There are similar dams in Wyoming, Idaho, and Texas)

WHAT MAKES THE FAR WEST GROW?

BY WALTER V. WOEHLEKE

DURING the decade between 1900 and 1910 the great land-and-irrigation boom of the Far West reached its apex. As a result the Census of 1910 showed that the eleven Far Western States had grown in population more than three times faster than the country as a whole. While the nation's population had increased at an average rate of 21 per cent., the region from the Rockies west could show an increase of 66.8 per cent. Washington and Idaho more than doubled the number of their inhabitants; California, Oregon, and Arizona exceeded 60 per cent., and the State with the lowest percentage of the group, Utah, was far ahead of the American average. Los Angeles more than trebled its population; Seattle and Spokane came close to this rate; Portland, Tacoma, Oakland, and a host of other communities surpassed an increase of 100 per cent.

This remarkable growth had its roots deep

in the Far Western soil. It was the response to the reclamation of arid land through irrigation works of unprecedented size. The federal government organized the Reclamation Service and gave it a fund of a hundred millions to be repaid by the settlers on government projects in every Far Western State. Under the Carey Act large projects were undertaken by private capital in the Snake River Valley of southern Idaho, in eastern Oregon and Washington, in Utah, Montana, and Wyoming. The Colorado Desert in southern California was transformed into the Imperial Valley with an initial irrigated area of a quarter million acres. The booming of the big red apples brought thousands of new orchards into being throughout the Pacific Northwest, and the green alfalfa fields ate into the gray sagebrush area voraciously.

New railroads were built during that decade. The Milwaukee pushed its western

terminus to Puget Sound. The Hill and Harriman systems built with breathless, expensive haste. J. J. Hill placed two huge steamers on the run from Puget Sound to the Orient; the Japanese lines continually increased the fleet based on Washington ports. And across the border in British Columbia the hectic activity found its reflection in equally active railroad building, town construction, and land speculation. The 1910 Census merely summarized facts plainly visible to him who observed the doings between Mexico and Alaska.

Setbacks Caused by the War

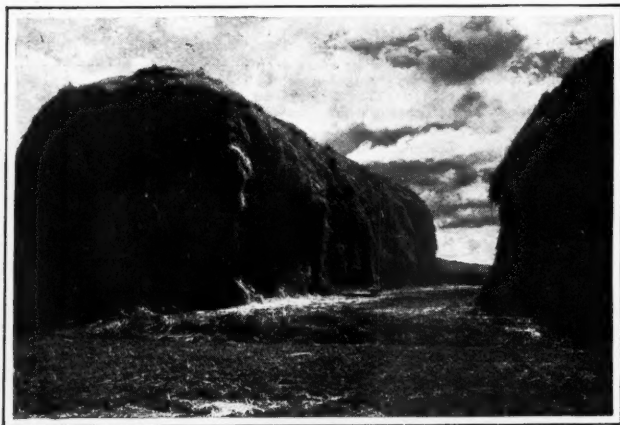
Shortly after the 1910 Census the great boom ended. "Wait until the canal is opened," said the Western optimists; "then you'll see an influx of population really worth watching."

The Panama Canal was opened to traffic. A few months later the Great War broke out

acutely during those first three years. Irrigation development, railroad, and hydro-electric construction came to a complete standstill. There were no automobile, armament, munition, or airplane plants to take up the slack. With the exception of shipbuilding, no large-scale industry was developed even after the United States entered the war, and after the cessation of hostilities in 1918 the shipyards were demobilized rapidly. Even more rapidly the mining boom gave way to depression, so that the census-takers in the spring of 1920 counted noses under practically normal conditions. In fact, well-informed persons believe that a decade of peaceful development undisturbed by a world war would have produced far better results than those disclosed by the Census.

New Census Maintains the West's Lead

Yet these results were remarkable. In the period between 1890 and 1910 the region from the Rockies west had led the country in the rate of its growth. The decade just closed maintained the record. The Far West increased its population, numerous handicaps notwithstanding, by a total of 30 per cent., whereas the country as a whole increased the number of its inhabitants by only 14.9 per cent. Arizona, Montana, and California led the country in the rate of their growth, Washington and Oregon exceeded the Western average, Idaho and Colorado kept well up with the procession. Only Nevada, Wyoming, and New Mexico, least populous of the Far Western group, failed to



ALFALFA, STAPLE CROP OF THE IRRIGATED WEST

(The trebling of alfalfa prices during the war—from five dollars to fifteen dollars and more a ton—helped thousands of Far Western settlers to make all their raw land productive)

and, so far as traffic to the Pacific Coast was concerned, the canal ceased to exist. Ships were needed elsewhere.

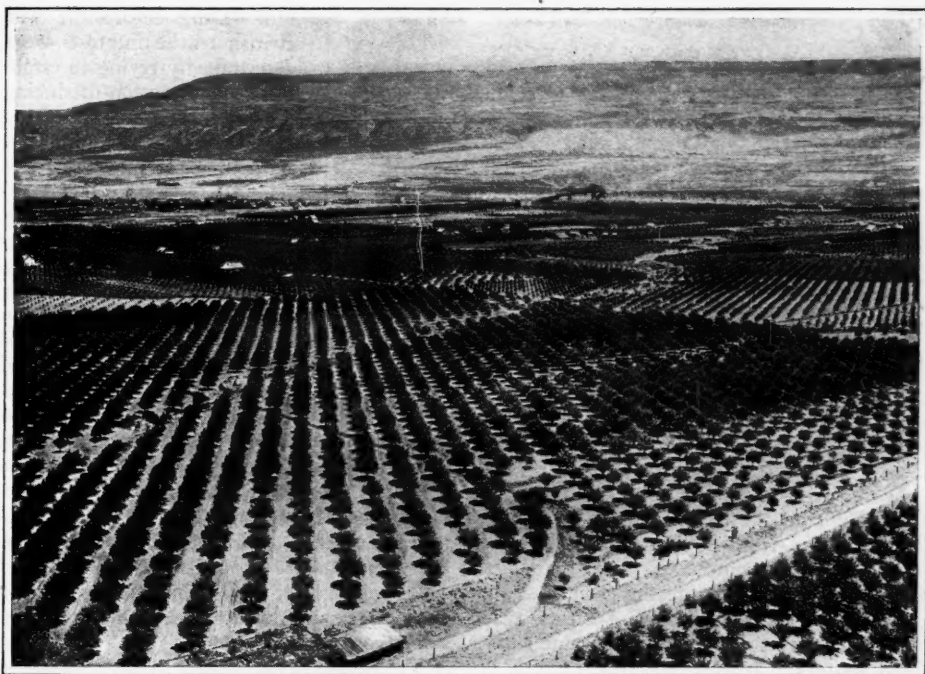
From 1914 to 1917 the Far West experienced none of the spectacular benefits conferred by war activities upon other regions. Mining became extraordinarily profitable, but the bulk of the gain did not reach the mining districts. The closing of the Suez Canal built up the transshipment business of the Pacific Coast harbors, but the effect of this increased business was restricted to four or five ports. The lumber business, the Far West's largest single industry, suffered

reach the batting average of their neighbors.

With mining depressed and shipbuilding on the decline, thus eliminating the largest beneficiaries of the war, how was it possible that the Far West should again have set the pace for the nation in growth and development?

Alfalfa Prices Put New Life Into Farming

The firm foundation of the nation's strength and well-being, agriculture, was primarily responsible for the growth made by the Far West, despite war and its aftermath. During the preceding decade more land had



A SCENE IN ONE OF THE FAMOUS APPLE-GROWING VALLEYS OF THE STATE OF WASHINGTON

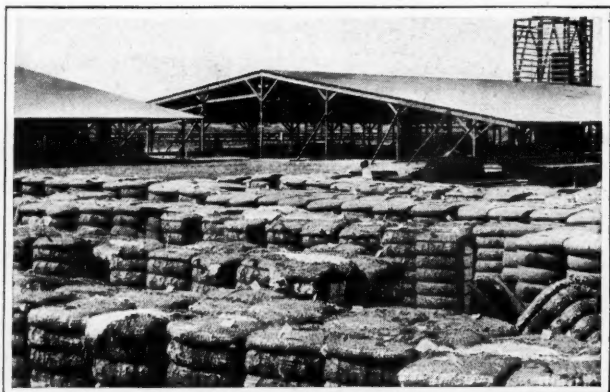
been supplied with irrigation water than could be made productive by the scant capital of the average settler; more alfalfa was produced than the markets could absorb at profitable prices. As a result of these conditions the settlers suffered, could not meet their payments; much raw land for which water was available could not be put into crops, and new irrigation development came to an end. It has not been resumed to this day.

Beginning with 1915 the prices of all farm products began to rise steadily. In 1914, alfalfa, staple crop of the irrigated West, sold in most districts for five dollars a ton in the stack, often for less; four years later it brought fifteen, and the next year better than twenty dollars a ton. The effect of the rise in the price of this one crop was of greater permanent benefit to the West and the nation than all the profits of the Western war industries put together and multiplied by five. That rise put new hope into the hearts of a hundred thousand settlers struggling against overwhelming odds to make raw desert land productive with a shoestring capital. It enabled them to pay off the storekeeper and implement man, to catch up with overdue payments, to replace temporary shacks with decent homes, to bring more of their raw land

under the plow, and to buy stock, thus laying the foundation for permanent prosperity. Their profits attracted others. Quietly, without the booming of the tom-tom, thousands of well-to-do farmers came with money, bought surplus acreage, improved it, and started producing. In the past five years practically all land for which water was available has thus been transformed into real farms.

Prosperity of the Fruit-Growers

Orchard-planting apparently had been overdone during the great boom. When the war came along and shut off the export markets, the future looked exceedingly dark for the horticulturist, who is a most important factor in the life of the West. From Wenatchee, the Okanogan and Yakima, through the Intermountain country, along the Rockies and the Coast there are literally hundreds of towns whose prosperity or distress depend almost entirely upon the surrounding orchards. Like the alfalfa-growers, the orchardists profited greatly by the insatiable demand and the rising prices. Box apples rose from an average of barely a dollar to more than two dollars a box, and the output in the Northwest increased from 10,000 carloads to 25,000 carloads as the young trees



COTTON READY FOR SHIPMENT IN THE SOUTHWEST

(Ten years ago the production of cotton in Southern California and Arizona was just beginning. In 1920 the output of long-staple cotton alone was 100,000 bales—credit being due to Department of Agriculture)

planted during the boom came into bearing. Prunes leaped from $3\frac{1}{2}$ cents to 15 cents a pound, despite an output that nearly doubled during the decade, despite the closing of the Central European markets. Apricots, walnuts, plums, cherries, all tell the same story. Even more remarkable was the growth of the raisin output, both before and after prohibition stimulated the demand. And from 1910 to 1920 the price pole-vaulted from an average of three cents to more than twelve cents a pound.

New Crops—Rice and Cotton

The Middle West has not added an important new product to its list of staple crops for thirty years, since alfalfa was introduced. The Far West in the past decade added two economically most important staples to its agricultural output. In 1910 the Pacific Coast produced not a pound of rice; in 1920 California's rice crop amounted to 3,000,000 sacks of 100 pounds each, grown on stiff clay land considered almost worthless ten years ago. But even more important an achievement of the Department of Agriculture is the successful development of a high-class, long-staple Egyptian cotton variety adapted to the conditions prevailing in the valleys of the Southwest.

In spite of the present depression, the fact remains that the world is short of cot-

ton. Long before the war British textile interests were determinedly trying to establish new cotton-producing centers in many parts of the British colonial empire, but without great success. Now the Southwest has demonstrated that it can produce in competition with Egypt long-staple cotton ideally suited for the manufacture of tire fabric and airplane cloth in quantities sufficient eventually to supply all American needs. A decade ago the cotton industry in the Imperial Valley of California, in the Yuma and Salt River Valleys of Arizona was just begin-

ning. In 1920 the output of long-staple cotton alone reached more than 100,000 bales. The growth of Phoenix, Arizona, from 11,134 in 1910 to 29,053 inhabitants in 1920 is in large part due to the stimulus of long-staple cotton profits.

Yet in the writer's judgment too rapid a growth in the rice and cotton output is not an unmixed blessing for the West. The factor that is the backbone of the agricultural West, that will make continued growth of the agricultural population and output possible for a century to come, is the small irrigated farm intensively cultivated by the owner with a minimum of hired labor. That type of farm has transformed the semi-arid wastes of southern California, of the Yakima and Wenatchee Valleys in Washington, of the Snake River and Payette Valleys in Idaho, of the Grand River Valley in Colorado, into the



A SCENE ON AN ARIZONA COTTON PLANTATION

most productive, the most densely populated rural regions in the country. Long-staple cotton, if grown in small patches and rotated properly with alfalfa and other diversified products, is a most desirable new cash crop in the Southwest, but if it is grown on large plantations with armies of hired labor, or if it brings in its train the tenant system of the South, it will injure rather than advance the cause of intensive farming in the Far West.

The consequences here outlined have already made themselves felt in the Salt River Valley of Arizona, in the Imperial Valley of California. Short-staple cotton at 40 cents, long-staple American-Egyptian cotton at a dollar a pound, proved too strong a lure to resist. In 1920 the acreage more than doubled as compared with 1919; thousands of acres of alfalfa were plowed up; the livestock and dairy industries were relegated to the background for the sake of prospective cotton fortunes. From 116,000 bales in 1919 the California-Arizona output rose to 260,000 bales in 1920, but the profits did not materialize.

This year the cotton area of the Far Southwest will be cut in half. 'Tis better thus. If Southern farming methods constitute the price the West has to pay for the new crop, it would be better to import a triple-strength weevil to eradicate every boll. But the lesson has been learned, and rational cotton progress is to be expected.



GROWING COTTON WITHOUT RAIN OR DITCHES

(This is a sixty-acre field of Egyptian long-staple cotton near Fresno, California. Nearby is the San Joaquin River. The water seeps through the subsoil, and the roots thus receive moisture during the long dry season while the surface of the ground is parched.)



IN A CALIFORNIA RICE FIELD

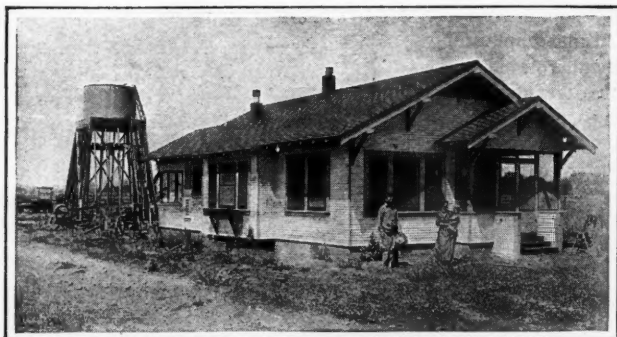
(Not a pound of rice was produced in the Far West ten years ago. Yet last year's crop in California alone was 150,000 tons on soil formerly thought worthless)

The importance of agriculture as a factor in the growth of the Far West is emphasized by the report of the Census Bureau covering the number of farms in 1910 and 1920. In that decade all the great agricultural States of the Middle West, Minnesota and Wisconsin excepted, showed a heavy decline in the number of farms. In the United States as a whole the net increase in the number of farms was only 98,496 or 1.5 per cent., twenty-five of the forty-eight States showing a loss. In the Far West, however, the net increase was 105,466 farms, with 10.3 per cent. the lowest and 119.1 per cent. as the highest proportional increases in the group. The table below gives the details:

NUMBER OF FARMS IN 1920, AND PERCENTAGE OF INCREASE SINCE 1910

	Number	Per Cent.
United States	98,496	1.5
Arizona	1,589	17.2
California	29,493	33.4
Colorado	13,821	29.9
Idaho	11,302	36.7
Montana	31,227	119.1
Nevada	475	17.7
Oregon	4,686	10.3
Utah	3,988	18.4
Washington	10,096	18.0
Wyoming	4,624	42.1

Total ten Far Western States 111,301
 New Mexico (decrease) ... 5,835
 Total net 105,466



THE SMALL FARM ON IRRIGATED SOIL, INTENSIVELY CULTIVATED BY THE OWNER, IS THE BACKBONE OF THE FAR WEST'S PROSPERITY

It will not be the last time that the Far West will show a heavy increase in the number and a decrease in the average unit area of its farms.

Automobiles as an Index of Growth

Of course the increase in the number of productive farms and the prosperity of the rural districts made itself felt most emphatically in the cities—so emphatically that in the summer of 1920 the demand for gasoline outstripped the supply and caused an acute shortage of motor fuel all along the Pacific Coast, notwithstanding California's oil production of 100,000,000 barrels during the year. The cause of this shortage lay in the abundant prosperity of the population, a prosperity expressed in the startling growth of the number of motor vehicles in the three Coast States of Washington, Oregon, and California, which increased from 236,000 in 1915 to 748,000 in 1919, while during the same period the number of tractors grew from 3000 to 23,000.

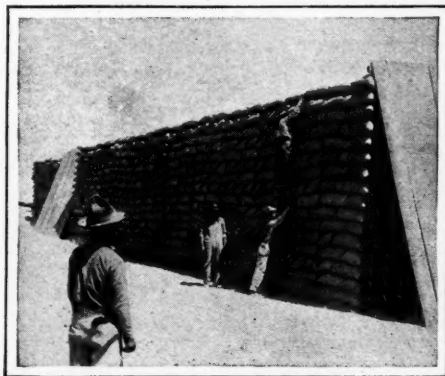
Industrial Progress—Shipbuilding

Until the middle of the last decade the Far West bore the relation of a colonial hinterland to the older, more densely populated parts of the country. It exported food and raw materials, imported manufactured goods. It sent its grain and its fruit to all parts of the world, shipped its copper to New Jersey to be refined, to Connecticut to be worked up into brass articles, exported lumber, salmon, zinc, lead, wool, and filled the returning freight-cars with the products of Eastern factories. Its manufacturing activities were confined almost wholly to the preparation of food and to the production of machinery and tools to be used in mining, lumbering, and in the oil fields.

The enlarged market created by the growing population, plus the stimulus of the war shortage in manufactured goods, has just begun to change many of the Far Western industrial plants from jobbing and repair shops to real factories. By attracting and training a large body of mechanics, the shipbuilding boom during the war helped materially in stimulating the development of the Far West's infant industries. At the height of

the construction activities more than 120,000 men were employed in the steel and wood shipyards of the Pacific Coast. Construction of wooden ships has ceased altogether; in the Puget Sound district only one yard is still building steel ships, but in Portland, around San Francisco Bay, and in the Los Angeles district 35,000 men are still at work, engaged largely in the construction of oil tankers and freight steamers—an increase of 500 per cent. compared with the number of shipyard workers in 1915. Since the mild climate makes possible active outdoor work and maximum output every day in the year, thereby reducing costs, the Pacific Coast shipyards will continue to be an important factor until the world is saturated with maritime tonnage.

The plants allied with the shipyards, the foundries, machine shops and boiler works, expanded and contracted with the demands of the war, but not all of the gain was lost. The manufacture of heavy-duty internal-combustion motors, of tractors and trucks—



ONE HUNDRED THOUSAND SACKS OF WHEAT

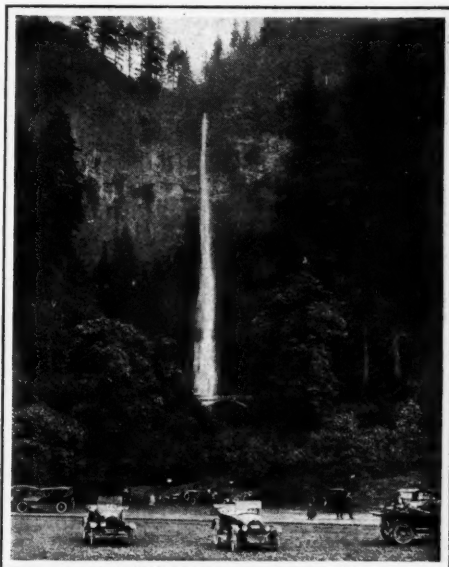
(What would happen if it should rain? The answer merely is that it does not rain much thereabouts. The scene is in Fresno County, in central California.)

the "caterpillar" tractor that made the tank possible originated in California—is continuing on a large scale and on a sound foundation, a healthy percentage of the output going to the Orient, to Central and South America.

The industrial gains of the decade were by no means confined to the metal-working establishments, however. Owing to the enormous growth of the home and export markets, large tire factories grew up in southern California and in Denver. Instead of hauling the vegetable oils and fats of the Orient to the East and shipping the finished product back again, extensive soap works were established on San Francisco Bay and in Portland. Quietly, with so little noise that the average man never heard of it, manufacturers of low-priced furniture enlarged their plants, increased their output and widened their markets until they invaded the home territory of Grand Rapids. Cotton mills began operating in California when the production of raw materials was assured; the woollen mills of Oregon and Utah rapidly enlarged their scope; factories for the making of boots and shoes specially designed to meet Western requirements were successfully established. And, of course, in the Pacific Northwest the paper industry expanded year by year, with the enormous pulp wood resources of southeastern Alaska entirely untouched as yet.

Hydro-Electric Power Development

The full extent of the Far West's agricultural and manufacturing development during

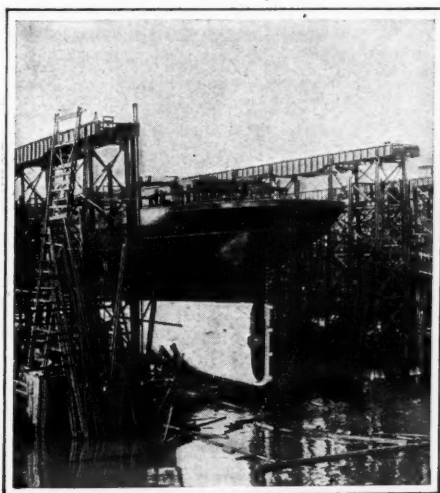


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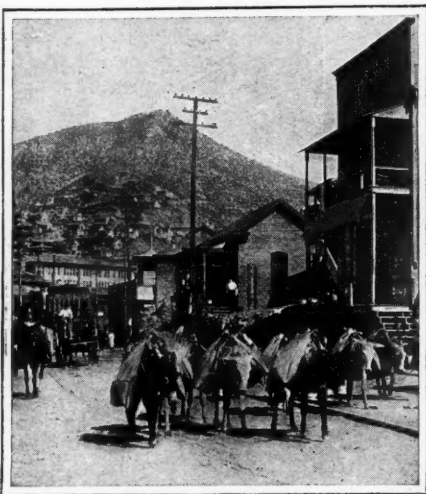
MULTNOMAH FALLS, NEAR PORTLAND, OREGON
(With three times the drop of Niagara)

the past decade is graphically illustrated by the power shortage that developed in 1920 after the mining and shipbuilding booms had collapsed. The San Joaquin Light & Power Corporation, for instance, a California concern serving a predominantly agricultural territory, had on file more than two thousand applications for power it was unable to supply. Similar conditions prevailed throughout the Pacific Coast, and a less acute shortage made itself felt in the Mountain States. The development of hydro-electric power since 1915 had not kept pace with the growing demands of the pump irrigator, the manufacturer, and the builder. From 1915 to 1920 only 104,000 horsepower of hydro-electric energy were added to the Far West's supply—an amount so inadequate that only the large-scale interconnection and pooling of resources by the various power systems and drastic curtailment for non-essential uses saved the situation.

Of the 63,000,000 potential hydro-electric horsepower available in the country, 42,000,000 are to be found in the Far West, where only 2,664,000 horsepower have been developed so far—a utilization of 6.5 per cent. of the potential total as against 77.2 per cent. for the New England States. Lacking the abundant coal deposits of the Middle West and the Atlantic Coast the Far West must



MORE THAN 35,000 MEN ARE STILL AT WORK
IN THE SHIPYARDS OF THE PACIFIC COAST



FOR A CENTURY TO COME THE PROSPECTOR WILL BE A FAMILIAR SIGHT IN THE MINING TOWNS OF THE FAR WEST

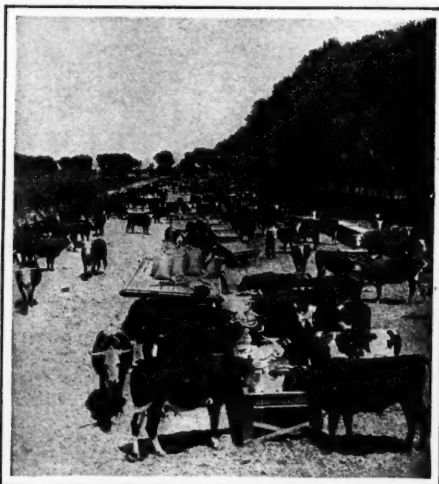
make available the "white coal" of its mountain streams, or stagnate. It does not propose to stagnate. Since the beginning of 1920 new hydro-electric construction aggregating almost a million horsepower has been undertaken in the West, California's share alone exceeding 350,000 horsepower. When it is remembered that the annual consumption of electrical energy per capita of the Far West is the highest in the world, averaging 73 kilowatt hours per inhabitant, as against 32 kilowatt hours for all other States, the statement that \$70,000,000 must be expended in hydro-electric construction before 1922 in order to supply the growing demand can be understood.

The plans for this development have been projected far into the future, beyond the period covered by this estimate. While the Southern California Edison Company, for instance, is spending twenty million dollars in two years adding to the number of its power plants on the Kern River and on Big Creek in the Sierra Nevada, it is looking forward to the day when increased use and decreased production will make California's crude oil too expensive and valuable a fuel for power production, when more hydro-electricity must be supplied if all growth and development of southern California is not to come to a complete halt. Having this condition in mind, the company has filed applications with the new Federal Water Power Commission for permits to develop half a million horsepower in the canyon of the Colorado River four hun-

dred miles northeast of Los Angeles. Lest power transmission over this distance be considered impossible, it should be stated that the Southern Sierras Power Company is now successfully transmitting and profitably selling electric power generated in the Sierra Nevada as far south as Yuma, Arizona, and Calexico, on the Mexican border, a distance longer than 500 miles.

The Colorado River applications of the Southern California Edison Company are part of a gigantic project contemplating the harnessing of this river from its headquarters in Wyoming and Colorado to the Gulf of California. The immense volume of the river's annual flood water is to be held back behind a series of dams, the water thus stored to be used not only for the generation of electricity, but for the irrigation of two million desert acres now unable to support comfortably more than one jackrabbit family per square mile.

Fully as significant are the plans of great power concerns in central and northern California. On various Sierra streams the San Joaquin Light & Power Corporation is systematically developing a minimum of 250,000 horsepower, having added 50,000 hydro-electric horsepower last year. The Pacific Gas & Electric Company is investing over ten million dollars in beginning the development of 300,000 horsepower on the Pit River. The Great Western Power Company is working on a series of Feather River developments which, when completed, will reach a capacity of 400,000 horsepower. The municipalities



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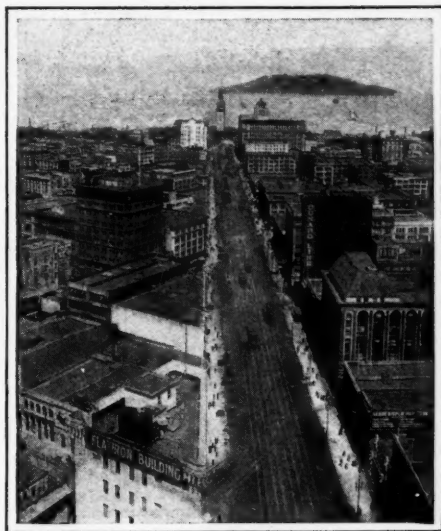
LIVESTOCK-RAISING, A PRINCIPAL INDUSTRY OF THE SOUTHWEST

of Seattle, Tacoma and Los Angeles, just to mention a few, have constructed large hydro-electric plants and are increasing their number, while San Francisco is planning to develop 200,000 horsepower in connection with an aqueduct which is now being built to bring water two hundred miles from the Yosemite National Park to the Golden Gate.

Foreign Trade of Pacific Ports

When the great irrigation boom came to an end in 1912, the cities of the Pacific Coast looked hopefully to the South for its revival. They confidently believed that the opening of the Panama Canal would divert a large part of the European immigration and freight business to the West Coast, and all the ports from San Diego to Prince Rupert in British Columbia made extensive preparations to handle this traffic.

It did not materialize. Before the new water route could come into full use, the war upset all calculations. For five years the Panama traffic was paralyzed, but the preparations of the Pacific ports were not in vain. When the submarines closed the Suez Canal, an immense volume of freight began to flow across the Pacific in both directions, a volume so large that it taxed the capacity of the West Coast ports to the uttermost. And the harbor that had prepared most extensively and efficiently for the efficient handling of freight



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MARKET STREET, SAN FRANCISCO
(Looking toward the Ferry House and bay)

—Seattle—obtained the largest share of the new business.

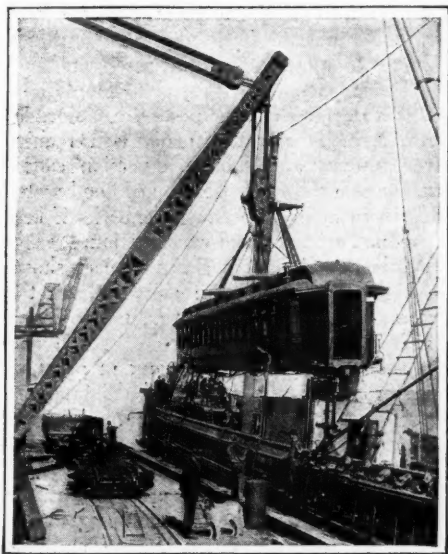
The Suez Canal has been open again for more than two years and world business has gone down, but nevertheless the Pacific Coast has managed to retain a very large part of the increased maritime business, largely because American ships, manned and operated by Americans, went out to the ends of the world after this business. The following table shows at a glance the growth of the marine business through the nation's Western gateways:

WEST COAST EXPORTS AND IMPORTS
(In dollars, thousands omitted)

	1914	1918	1920*
Puget Sound (Seattle, Spokane, etc.).....	\$122,123	\$597,119	\$299,103
Portland (Oregon Customs Dist.)	17,696	18,875	58,752
San Francisco (N. Cal. Customs Dist.)	130,485	478,604	390,509
Southern California..	6,918	16,205	29,753
Totals	\$277,222	\$1,110,803	\$778,117

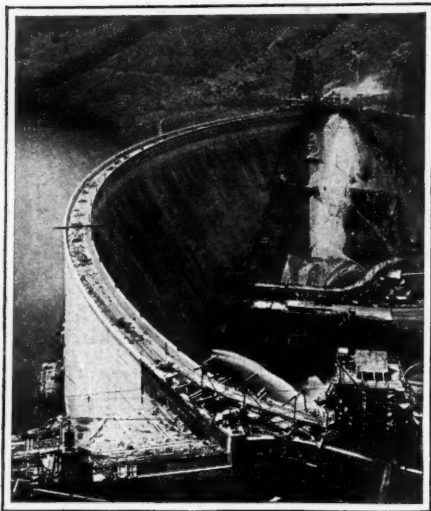
*For ten months only.

Estimating the foreign trade of the Pacific Coast ports for the full calendar year of 1920 at \$900,000,000, a figure probably below the actual aggregate value, the exports and imports show an increase of 225 per cent. over 1914 and a decrease of only 10 per cent. when compared with 1918, the year when the war stimulus was at its height.



A WATERFRONT SCENE IN SEATTLE

(A passenger coach is being loaded on a ship for Alaska by a 125-ton derrick, said to be the largest lifting device on any pier in the United States)



ARROWROCK DAM, IN IDAHO, THE HIGHEST IN THE WORLD

(Built by the United States Reclamation Service. The crest is 1,060 feet long and 354 feet above the bottom of the lake which the dam creates)

This vast increase of the Pacific Coast's foreign trade is not a temporary, evanescent phenomenon. It is the direct result of, first, the creation of an American merchant marine and, second, of the Far West's increased productivity. The present trade through the ports of the Far West is merely the beginning. What it will be a century hence, when Asia is fully awake and producing, when Australia has five times its present population, and the Far West supports fifty million instead of nine million souls, only a duly licensed member of the Amalgamated Prophets' Union will have the courage to predict.

Great Reclamation Projects

What has the next decade in store for the Far West? Tasks so big that the nation must help. The West is now planning to harness all its great rivers, the Columbia, the Snake, the Colorado, the Sacramento, the Klamath, to hold their spring floods behind series of dams, to drop the stored water through power plants and, its energy extracted, spread it over the desert to reclaim an arid empire. Three hundred millions will be needed for the utilization of the Columbia's water; the Sacramento-Klamath project calls for nearly a billion to supply water for ten million California acres, and the other projects are of a similar magnitude. They can't be carried out except through the coop-

eration of private interests, the States, and the national Government. The West is hoping that some form of soldier-bonus legislation will make a start possible.

The size of some of the irrigation projects now under preparation in the Far West is so gigantic that only the mind accustomed to destructive war expenditures can view them with equanimity. The Columbia Basin project, for instance, contemplates the expenditure of \$300,000,000 for the irrigation of 1,750,000 acres, a cost of \$171 per acre. In 1910 the Census reported that 54,000 irrigation systems covering 1,900,000 acres had cost a total of only \$308,000,000, or an average of \$16 an acre. The plan includes the utilization of Flathead Lake in Montana, of Pend d'Oreille Lake in Idaho as the principal storage reservoirs; it includes one gigantic tunnel sixteen miles long and with a diameter of thirty-two feet to carry the water from the storage reservoirs to the irrigable land. Twenty-five million yards of concrete, earth and rock fill will go into twenty dams, and twenty-one tunnels with a total single-bore length of eighty miles are to cost \$119,000,000.

The Snake River project contemplates the irrigation of 3,000,000 arid acres in southern Idaho by constructing storage reservoirs in the canyons of the Snake River and its tributaries, conveying the water to the desert land through huge diversion canals. Execution of the present plans would require the removal of the town of American Falls to a new location, as its present site is comprised within a reservoir to store two million acre-feet.

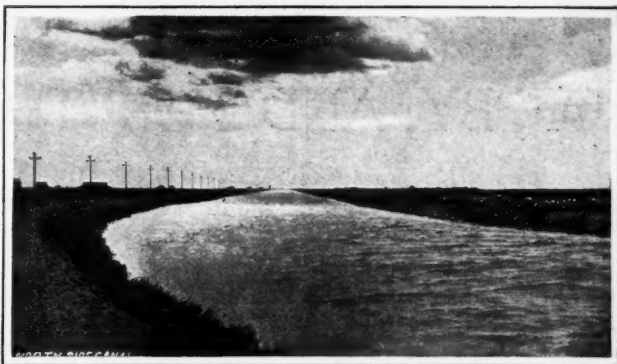
The Colorado River project to supply irrigation water and electric power in Colorado, Utah, Arizona and California will require fewer tunnels and shorter diversion canals than the other projects, storage of flood water being its principal object. It lends itself best to gradual, sectionalized construction.

While the Columbia Basin project shows the highest cost per acre and involves the greatest engineering difficulties, the so-called Marshall plan of the California State Irrigation Association takes first rank in point of total expenditures and of area ultimately to be irrigated. For the preliminary survey alone an appropriation of half a million has been requested of the California Legislature. The project contemplates the storage of the flood water of all the streams rising in the Sierra Nevada, the Coast Range and the Shasta region in the extreme northern part of the State. The water thus conserved is to be carried in two immense canals through the

foothills of the Sierra and the Coast Range on either side of the Golden State's great central valley a total distance of a thousand miles, so high above the floor of the valley that every irrigable acre will be reached by gravity. The present fully irrigated area is less than three million acres; the Marshall project will ultimately raise this area to twelve million acres at an expense of not less than a billion dollars, the stored irrigation water being used for the development of hydro-electric power before it reaches the irrigation canals.

In the meantime, while dozens of associations are working energetically to bring about the realization of these audacious plans, individual initiative is not idle. At the beginning of the last decade the leading power companies of California began an active campaign to stimulate the use of electric power on the farm, principally for pumping irrigation water. The efficiency and convenience of electrically operated pumping plants, the liberal policy of making extensions—one company built a line 140 miles to reach a large farm in the desert, being rewarded for its enterprise by seeing electrically driven pumps reclaim the desert all along this line—and reasonable rates made this campaign so hugely successful that in 1920 a total of 33,000 motors with a capacity of 375,000 horsepower were installed on California farms, a total so great that it exceeds all the electric-motor equipment on all the farms in the other forty-seven States put together.

Other Far Western States followed suit. In the Salt River Valley of Arizona the farmers raised the necessary money and had the Reclamation Service build two power plants using hydro-energy. On the Yuma project a similar development took place. In southern Idaho, on the Minidoka project, the Reclamation Service established so low a rate for current during the winter when the 10,000 kilowatt plant, built to pump water to high levels during the summer, lay idle that hundreds of farmers installed complete electric equipment, even cooking ranges and water heaters, on their ranches. And the movement to make electricity do the work of the Far Western farms has barely begun.



CARRYING WATER FROM A STORAGE RESERVOIR TO DESERT LAND THROUGH HUGE DIVERSION CANALS

A national, rational, workable forest policy is another one of the problems the West can't solve without the coöperation of private timber owners, of the State, and the federal Government. Ten years ago the low price of lumber made radical changes in the prevailing wasteful lumbering methods impossible. To-day the shrinking supply of virgin timber and the steadily rising prices of lumber make a change of policy not only desirable but imperative, if the wood-working industry of the country is to be perpetuated.

The nation's mercantile-marine policy, of particular interest to Pacific Coast shipping interests exposed to the full force of Japanese competition, still remains to be defined and clarified.

Rising prices of petroleum and coal fuel point to a speedy electrification of the West's railroads. Road-building, interrupted by the war and the high cost of money, has to be resumed. Coöperation among agricultural producers, a factor giving remarkable stability to Western horticulture, must be strengthened and extended. But, above all these things, the West needs real peace throughout the world, that the surplus products of its copper mines, its orchards, fields, and fishing grounds may once more find their way to the accustomed markets.

During the past five years the Far West demonstrated that, given the need and the incentive, it could increase its production of metals, food, and raw materials at a tremendous rate. The vast territory has potential assets the extent of which is only dimly realized. The work of making them available for mankind will not be completed for centuries, and while it is going on growth will be rapid and continuous.

OF, BY, AND FOR THE PEOPLE

HUMANITARIAN MEASURES BEFORE CONGRESS

BY HARLEAN JAMES

BEFORE the short session of Congress which convened on December 6 there are a score or more of bills which were pending at the close of the last session—bills proposed by groups of the people who have the public good in mind. Bills so proposed by citizens who have no special interests to be served, considered deliberately by members of Congressional committees who desire to know the truth, and understood and supported by the public at large, should in final form fairly represent the voice of the people, right or wrong. These three factors, so necessary to sound legislation in a popular government, have not always been equally balanced. In the first place, during past years numerous humanitarian bills have been proposed and advocated by that portion of the public who were not yet admitted to full participation in the rights and duties of citizenship. As it is fairly fundamental in a representative government that elected officials hear the voices of their constituents more clearly than the voices of their wards, it is hardly surprising that business affairs have received more attention than home affairs.

In the second place, committees of Congress have been besieged by veritable processions of individuals and corporations who wanted legislative favors, but when bills for the public good were considered, even at open hearings, our busy American public has commonly been so occupied with earning its living and spending its earnings that a corporal's guard could seldom be mustered to plead its cause, and still more seldom to sit through tedious hearings or follow legislative procedure in order to guard its rights. With the business interests of the people so neglected by themselves and the affairs of special interests so ably managed and so convincingly set forth, it is not surprising that members of Congressional committees have seen the picture of Truth somewhat out of focus.

There is every indication that the much-heralded "reconstruction program" so sadly delayed by untoward events is now emerging

from the dark period of controversy and inaction. Many promising legislative measures are being advocated by public-minded men, but to the women's organizations must be given the credit of inventing a scheme to pool campaigns for Congressional action and to prevent useless duplication and complication in the advocacy of bills before Congress.

National Education: The Smith-Towner Bill

The Smith-Towner bill (S. 1017, H.R. 7) to create a department of education and provide federal coöperation in the States for improved educational facilities is the result of an effort to correct the condition which has caused public education to suffer financially, socially, and officially in comparison with industry and commerce. It may be forgotten by some that a National Department of Education was actually created in 1867, with a Commissioner of Education at its head, but not in the cabinet. In 1869 its functions were transferred to a bureau in the Department of the Interior. At the present time the annual appropriation for this office amounts to less than half a million dollars, and more than half of this amount must be used to take care of the reindeer in Alaska, leaving less than a quarter of a million dollars to be dispensed by the Bureau of Education for educational leadership involving the children of the United States. But the dramatic facts brought out during the mobilization of our army for the great war have given a new impetus to the friends of public education.

It was no news to the civic and social workers and their organizations in the backward States that school attendance was low and illiteracy high in far too many communities, but it came as a great shock to the country at large that one out of four of our soldiers in the late war could not read a newspaper intelligently or write a letter home; that one of three examined in the first draft was physically unfit for service; that more than five million boys and girls in

America have no free school advantages or are taught by untrained teachers. The only hopeful phase of this whole deplorable situation is that, as a people, we are deeply ashamed of our condition.

Remedy Proposed by the Bill

The education bill was drafted in the first impulse for reconstruction which followed the signing of the armistice, and in its amended form provides (1) for the creation of a federal department of education which, by order of the President, may absorb the educational functions now scattered in various bureaus and boards in addition to the activities of the present Bureau of Education, and (2) for the appropriation, in addition to \$500,000 for general administrative purposes, of a maximum of \$100,000,000 annually to be apportioned to the States on the basis of special groups of population, contingent upon the appropriation by the States of equal amounts.

The money, if claimed, is to be expended upon the following activities: \$7,500,000 for removal of illiteracy, \$7,500,000 for Americanization, \$50,000,000 for equalizing educational opportunities, \$20,000,000 for physical education, including health education and sanitation, and \$15,000,000 for the preparation of teachers. In order to profit by the federal grant, each State must provide for a legal school term of at least twenty-four weeks in each year for all children; must require compulsory school attendance for all children between seven and fourteen for at least twenty-four weeks, and must by law require that the English language be basic in public and private schools.

Advantages and Objections

The advocates of the bill urge, first, that "it makes provision for the reduction of federal administration expenses and the promotion of efficiency by the consolidation of duplicating and overlapping educational agencies into one department under a responsible head equal in rank to the heads of the other executive departments"; second, that "it recognizes the vital importance of public education from the national standpoint and provides federal aid to encourage the States in the promotion of education, but leaves the control of all educational affairs entirely to the States to be administered exclusively by State and local educational authorities established by State laws."

Wealth and children of school age, it is

Feb.—6

pointed out, have been distributed with an unequal hand in the various States. Nevada has large wealth and few children. Mississippi has many children and comparatively small wealth. The distribution of funds based on population to be benefited, contingent, nevertheless, upon local funds to meet half the financial burden is thought by the advocates of the bill to be both democratic and efficient.

There is some difference of opinion in the educational world on the two main propositions of the bill. Some of the privately endowed and publicly supported institutions and some leading educators oppose the creation of an educational department. This opposition appears to fall under three heads: (1) that private institutions would suffer under such an expansion of public education; (2) that the subject-matter is not sufficient to justify, under the American plan of departmental government, a separate department; and (3) that a cabinet head by custom belongs to the party in power and, while it is conceivable that the Secretaries of State, Treasury, War, or Navy may be partisan, there is no such thing as Republican education or Democratic education, and that the way to protect the head of federal education is to make the position an appointive professional office which may, when expedient, carry over from administration to administration. Those who advance the first objection suggest a further expansion of private education; those who advance the second suggest a department of education and science, and those who advance the third suggest a larger grouping under an appropriate name.

Those who oppose large grants in aid to the States urge several grounds for objection: (1) that the method of taxing the people for support of the Federal Government makes direct federal contribution to schools, which are mainly supported by State and local taxes, unnecessarily complicated; (2) that so large an appropriation would modify the purchasing power of a dollar sufficiently to reduce the benefits to be derived under the bill; (3) that the responsibility for schools lies directly and solely upon the several States; and (4) that a properly supported federal educational service could inspire the States to develop their educational systems without grants of money.

Those who oppose the Smith-Towner bill in particular set forth that in its original form it provided for centralization, which would tend to paralyze local initiative, and in

its amended form that it sacrifices national leadership, and makes of the federal department simply an agency for distributing funds.

From the discussion one thing emerges clear, and that is that all elements are in favor of placing our national educational agency, be it bureau or department, on a sufficiently sound financial basis to enable it to establish a unifying leadership in educational matters; that all possible national educational functions should be grouped together; that by some means the disgrace of illiteracy should be eradicated, and that teachers' salaries should be made adequate to command good ability and training, as it is recognized that our nation cannot rise above the level of its schools.

The leaders of organizations supporting the bill say that they do not care whether the money comes from income taxes and customs duties via the Federal Government, or from property and other taxes from local units, or from both. *What they want is immediate and far-reaching activity to reduce illiteracy and promote Americanization and prompt action to save the public schools of the country from decline threatened by inadequate pay and insufficient training facilities for teachers.* They do not fear undue control from Washington. They believe that good programs prepared in the capital city will be gladly adopted by the States and that the bill provides sufficient safeguard to State independence to insure wholesome State initiative and actual control of policies.

Status of the Smith-Towner, Kenyon and Fess-Capper Bills

Hearings on the Smith-Towner bill were held in July of 1919 in the Senate Committee on Education and Labor, of which Senator William S. Kenyon of Iowa is chairman, and in the House Committee of Education, of which Representative Simeon D. Fess of Ohio is chairman. The bill has not been reported out of committee. In the meantime before these committees have come two other bills which cover the field of the Smith-Towner bill in part. One, the Kenyon Americanization and illiteracy bill (S. 3315), passed the Senate on January 26, 1920, and the other, the Fess-Capper physical education bill (S. 3950, H. R. 12052), is still in committee. Popular support and disapproval, however, has centered almost wholly around the Smith-Towner bill.

The Kenyon bill appropriates \$6,500,000 for education of illiterates. A little over

5 per cent. of this amount is to be devoted to investigation and administration, and the remainder is to be allotted to the States, contingent on an equal appropriation in the States. Illiterates and other non-English-speaking aliens are required to attend classes and study courses specified by the Secretary of the Interior, and State plans must be approved by the Secretary of the Interior. Those who are opposed to the Smith-Towner bill find the machinery of the Kenyon bill even more objectionable, and those who favor the Smith-Towner bill object to the Kenyon bill as inadequate to meet the situation. It was obviously designed to meet the pressing needs for decreasing illiteracy and stimulating Americanization pending the delay involved in securing a department of education or other federal readjustment, as the activities are assigned to the Bureau of Education, a going concern.

The physical education part of the Fess-Capper bill is pretty generally endorsed in principle by those who approve of federal aid, and the provisions of the bill would fill a great need in case the Smith-Towner bill did not cover this, together with other fields, say those who favor the bill. The establishment of a Division of Child Hygiene in the Public Health Service, under the charge of a commissioned officer of the United States Public Health Service, is regarded by most of the leaders in public organizations as an encroachment on the very admirable work of the Children's Bureau, which has succeeded during the eight years of its existence in building an enviable reputation for professional excellence absolutely untouched by political influence.

Prospects

There would seem to be little chance for any of these three bills to pass at the short session, as the reorganization of the federal departments will undoubtedly be worked out before Congress will consider the creating of another department, and the press of business and the economy program are pretty sure to catch even the Kenyon bill, which is further advanced in legislative procedure than the other two. There is an opportunity, however, during the short session, for the supporters of the cause of education to get together and agree upon a program which will eliminate some of the objectionable points brought out in all of the bills and which will embody the main objectives of all friends of public education into a bill which can be

introduced and passed early in the first session of the new Congress. The organizations supporting the Smith-Towner bill may yield to a point of order in favor of reorganization of the government departments, but when the question of economy is raised they will urge that saving the schools is more important than saving the dollars and, if asked, they could point out a number of contemplated federal expenditures that could be cut off to make way for the schools.

Fess Amendment to Smith-Hughes Bill

The Fess amendment to the Smith-Hughes bill (H. R. 12078) to promote vocational education was introduced in January of 1920 by Mr. Fess of Ohio. Under the Smith-Hughes bill the grant of \$250,000 in 1920 increases to a maximum of \$600,000 in 1927 for vocational training in home economics. At present home economics may receive one-fifth as much from federal funds as either vocational training in agriculture or industrial pursuits. Attention is called to the fact that there are about 26,000,000 women and girls engaged in making and keeping the homes of the United States, and that this is a larger number of persons than that in either agricultural or industrial pursuits. It is claimed that home-making has become a business, if not a profession, and that the mother-to-daughter instruction is quite as inadequate as the physician or lawyer-to-apprentice method under present-day conditions. The Fess amendment would authorize an appropriation of a sum for vocational training in home economics to be spent in cooperation with the States, rising from about \$250,000 in 1921 to a maximum of about \$2,400,000 in 1931. The Kenyon bill (S. 4133) on the Senate side provides for smaller appropriations, but it is hoped by the supporters of the Fess bill that these amounts will be made more commensurate with the value of the women's work.

Because of the large number of State legislatures which meet in 1921 Mr. Fess has announced his intention to push his amendment through the short session if it can be done.

Smoot Bill for Home Economics Experiment Stations

One of the greatest handicaps to effective training in home economics is said by those in the field to be the lack of facilities for experimentation. A great many tendencies are taken for granted, they say, but really very little is known, and the pioneer experiments

carried on in Washington by the pitifully inadequate little band of devoted workers cannot do more than scratch the surface.

In agriculture, the experiment stations have found out the facts before the field agents could disseminate the information. In food, textiles, use and adaptability of household equipment, much valuable information could be secured by home economics experiment stations. In pursuance of this need, Senator Smoot introduced his bill (S. 2380) on July 8, 1919, to provide the very modest sum of \$2500, rising to \$7500 to each State and Territory, on the usual contingency of State appropriation, for agricultural experiment stations, to be used in researches and experiments in home economics.

Maternity and Infancy

The Sheppard-Towner bill (Senate 3259, H. R. 10925) for the protection of maternity and infancy is not the result of a sudden idea hastily put into form. It is the logical sequence of years of painstaking professional work and might even be said to be the natural outcome of the work of that pioneer band in the last decade who finally succeeded in 1912 in having a Children's Bureau incorporated in our rather musty group of government departments. The investigations which the Children's Bureau was directed by law to make substantiated facts which social servants of the people had suspected for years. The death-rate of babies in the first year of life was found to be in inverse ratio to the income of the family.

The Children's Bureau has established the fact that human life may be purchased, or it may be tragically sacrificed. Our human sympathy has been stirred to the depths by the losses in the great war, but during the nineteen months after the United States entered the contest the 30,000 deaths of mothers in childbirth are only slightly less than the 34,625 deaths of American soldiers killed in action. In the year 1918, 23,000 mothers gave their lives to bring children into the world, and 250,000 babies died in the first year of life—nearly half, it is estimated, because of prenatal or birth complications. Every year in the United States more than two million women face the possibility of death and injury, and in every thousand ten lose their lives in childbirth. Of every thousand babies born one hundred die before the first year of life is over. Over a third of these infant deaths occur in the first month of life.

Two fundamental fallacies have permitted this ruthless sacrifice of life. The public at large, including fathers, mothers and many general practitioners, has regarded childbirth as a normal physical phenomenon and has taken for granted that mothers instinctively develop a knowledge of how to care for their children. As a matter of sad fact, human mothers, at least in this civilized age, display shockingly little knowledge of how to care for themselves or their babies, and it has come to be an accepted fact by medical specialists that it is due to mothers and children to grant them the safeguard of expert care.

The Children's Bureau has shown that the continuance of the race, the lives of young mothers and helpless babes have been left almost wholly to depend on whether the family purse could afford doctors or nurses. Medical and social specialists now recognize care of mothers and babies as a public duty.

Maternity Bills

And so, three years ago, as a direct result of the startling facts set forth by the Children's Bureau, Miss Jeannette Rankin, then Congresswoman from Montana, introduced a bill, similar to the present measure, to protect maternity and infancy. Incredible as it may seem, in the face of the appalling record of nearly half a million mothers in childbirth and young babies "killed and wounded," the bill never even came to a vote!

The Sheppard-Towner bill, as amended in the Senate, provides for an initial grant of \$10,000 to each State which complies with the provisions of the bill and \$1,480,000 annually for five years, to be distributed among the States according to their populations, contingent upon the States appropriating an amount equal to the federal grant. The act would be administered by the Children's Bureau. In the States it would be administered by the Child Hygiene divisions of State Boards of Health, of which there are thirty-seven, or by a specially created agency. The money is to be expended for (1) instruction for mothers in hygiene of infancy and maternity through public health nurses and consultation centers; and (2) extension courses in State universities, land-grant colleges, or other public educational institutions.

Hearings on the Sheppard-Towner bill were held on May 12, 1920, before the Senate Committee on Public Health and National Quarantine, of which Senator France of Maryland is chairman. On June 2 the bill was reported favorably, and on December 18 it passed the upper branch of Congress. In the House the bill was referred to the Committee on Interstate and Foreign Commerce, of which Representative Esch of Wisconsin is chairman. Hearings were postponed to the present session.

There is apparently little opposition to the bill except from the few who do not believe that the Federal Government should ever have entered the newer fields in which it is already working. The main obstacles to a speedy passage of the bill appear to be the press of business at the short session, a possible pride in desiring to include the measure in the program of the incoming administration, and the pruning knife of the Appropriations Committee. The proposed reorganization of the Government departments, it is thought, need not occasion delay in the passage of this bill, as under it work could proceed at once and its activities could follow the Children's Bureau in the new scheme.

The Democratic party platform urged cooperation with the States for the protection of child life through infancy and maternity care, and the Republican President-elect in his social-justice speech at Marion on October 1, declared in no unmistakable terms that we must undertake with despatch and efficiency the protection of maternity. Said Senator Harding, in a pledge to President Harding, "It will not be the America we love which will neglect the American mother and the American child. . . . Even if it were not upon humanitarian grounds, I point out to you that the protection of American maternity and childhood represents economic thrift. Indeed, it represents the saving of our blood, our posterity, and the future strength of our nation."

Failure to enact some form of maternity legislation at the short session will mean further delay in those States where the legislatures meet early in 1921 and all delay means thousands of deaths which might be prevented.



MEASURING THE GREAT SUNS OF THE SOLAR SYSTEM

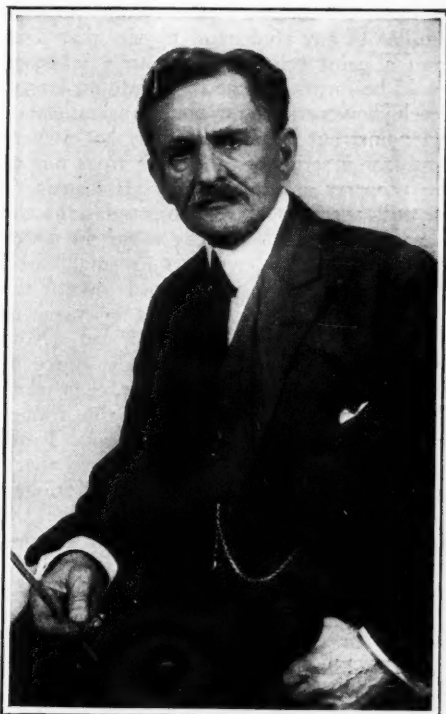
BY HERBERT T. WADE

WHEN Professor A. A. Michelson, of the University of Chicago, announced at the annual meeting of the American Physical Society, held at Chicago, on December 29, 1920, that he had developed a method of determining the size of far distant heavenly bodies based on the interference of light, the interest of men of science, familiar with the work of this great physicist naturally was aroused.

Professor Michelson, to whom in 1907 the Nobel Prize in Physics was awarded, long since had developed a brilliant series of optical methods and instruments of the highest precision, involving the phenomena known as the interference of light. These he has been able constantly to put to new uses, and therefore, when it was announced that there was now available a new means for determining the size of the largest heavenly bodies at inconceivably great distances, even the attention of the newspaper-reading public was temporarily arrested.

Of course, when it was said that the brilliant red star Betelgeuze, Alpha in the constellation of Orion, suspected of being one of the largest of the great stars, whose diameter thus was measured and found to be approximately equivalent to one-fourth the orbit of Mars, or some 300,000,000 miles, such figures meant but little to the man who has difficulty in visualizing the earth as a sphere 7900 miles in diameter. Furthermore, this great star, or distant sun, Betelgeuze, was located well over 400 millions of millions of miles from the earth, or at a distance that would be represented by some seventy years for its light to reach us. So that, large as was the star, it was but a minute object for the telescope, too small to measure, and for the determination of its diameter, Professor Michelson devised what might be termed an ultra-telescope, making use not of an image, but of interference bands, similar to the method of the physicist's ultra-microscope.

Stupendous as the celestial distances are, such as the dimensions of the stars and the



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PROFESSOR ALBERT A. MICHELSON

orbits of the planets, it must be borne in mind that what Professor Michelson has accomplished has only been possible because he was none the less the master of distances and precision measurements as minute as those of the heavenly bodies are grand, beyond the possibilities of imagination. In fact, in a biographical sketch of Professor Michelson published in this REVIEW in January, 1908, shortly after he had been awarded the Nobel Prize, reference was made to the early accomplishments of this distinguished physicist, with his highly accurate apparatus consisting of screws and ruled gratings of extraordinary fineness and regularity.

In his interferometer, Michelson was able not merely to determine in linear measure

the wave length of light, but, conversely, he was able to determine linear measures in terms of the wave length of light. To-day the International Standard Meter, the ultimate standard of length of the civilized world, is known in terms of wave length of light from which, thanks to Professor Michelson, it can be reproduced at any time.

In this latest work which has afforded a measurement of the diameter of Betelgeuze, Professor Michelson proceeded on the basis familiar to any student of physics that light from a point source falling on a telescope would be formed at the focus into an image, which, however, would not be a mathematical point, but when viewed by an eyepiece would be a series of concentric rings due to this property of interference. If instead of the full aperture of the object-glass of the telescope it was covered by a cap in which there were merely two slits or small apertures, then when it was turned toward the source of light there would be a series, not of rings but of bands or fringes formed. Now if instead of there being a single source of light there are two close together, then when the slits are properly adjusted the fringes will blur each other and disappear. From the width of the slits, their distance apart, and the position and nature of the fringes, data would be afforded to determine the angular distance between the two sources, or in the usual application in astronomy the components of a double star.

Professor Michelson early applied this method to the resolving of double stars, which while appearing as single, when studied with telescope and spectroscope are found to be double, but at such distance that their angular distance is not apparent. He found that by separating his apertures more or less he was able to secure the blurring of the bands or fringes that indicated the condition from which the results could be predicated.

In using this method with a telescope the physicist or astronomer is limited by the size of the objective or reflector on which could be set the cap or mounting containing the slits or apertures. Professor Michelson tried his method with various telescopes, including the large refractor of the Yerkes Observatory, and then proceeding to Mount Wilson with the coöperation of the director and staff of the Mount Wilson Observatory of the Carnegie Institution put the method to test there. These experiments involved using the 100-inch Hooker reflecting telescope which

forms a very important part of the equipment of that observatory. This telescope, through its large size and light-gathering power, is particularly suited for observations on the distant stars and to it Professor Michelson's instrument was fitted, chiefly for the reason that with it he was able to secure increased separation. Across the front of the large concave mirror mounting could be placed a steel beam twenty feet in length at the extremities of which were fitted two plane mirrors inclined at an angle of forty-five degrees. Light from the distant star was received by these and reflected to two mirrors at the middle of the beam, also at an angle of forty-five degrees, and thence reflected to the mirror from which in turn reflection took place to the Cassegrain mirror from which the rays were brought to a focus where the interference fringes were obtained.

With the improved apparatus developed and tested, on December 13, 1920, it was applied to the measurement of the diameter of the star Betelgeuze. This had been calculated previously from so-called parallax or angular measurements as .051 seconds of arc, and this figure was given by Professor Eddington, of Cambridge, in his presidential address before the British Association for the Advancement of Science last August.

Accordingly it was toward this bright red star in Orion that the Hooker telescope equipped with Dr. Michelson's interferometer was directed. When the adjustments were made and observation taken it was found that the result worked out in strict accord with the theory. The data were computed, taking into consideration distance of mirrors and other elements of the instrument, and, of course, the distance of the star. This resulted in an angular diameter of .046 seconds of arc, which is comparable with the value assigned by Professor Eddington above. Now having this diameter and the distance of the star, which by the way was obtained by different astronomers so that the mean of several calculations could be taken, it was a simple matter to compute the diameter, which was placed at about 260,000,000 to 300,000,000 miles.

In other words, where the diameter of the earth is some 7900 miles, Mercury 2770 miles, Mars 4230 miles, Neptune 34,800 miles, Jupiter 86,500 miles and the Sun less than 1,000,000 miles, the diameter of Betelgeuze is 300,000,000 miles, or about one-quarter of the orbit of the planet Mars, whose orbit it would roughly fill.

LEADING ARTICLES OF THE MONTH

ENGLAND'S VOICE FOR NAVAL REDUCTION

THE rising American demand for an international agreement on naval armament seems to have a sympathetic response from an influential section of British public opinion, if we may judge from certain editorial expressions in the London *Spectator* for January 1.

After quoting the statement on world disarmament made by President-elect Harding to the New York *World*, which is active among American newspapers in advocating a naval agreement, the *Spectator* remarks that the Japanese Ambassador at London has also spoken, and his words must be regarded as important, since some controversialists have pretended that no arrangement was possible between America and Great Britain so long as Japan insisted upon carrying out her present naval program. The Japanese Ambassador is represented as saying to the London *Daily Express*:

The present naval program of Japan is naturally conceived with the full object of national

defense, and if it were not for complicated internal political differences, would have been carried into effect long ago. It goes without saying, however, that Japan stands ready to effect a reduction in her armaments in agreement with other powers, not only in the interests of the people of the world, but in the interests and welfare of the Japanese nation itself. Japan believes in mutual forbearance and goodwill among nations, and wishes most ardently that the cause of the League of Nations be crowned with success.

The *Spectator* states that among Englishmen themselves, including both soldiers and sailors, there is clearly an enormous majority in favor of seeking some better method of securing peace in the future than the ruinous one of building another great navy. Articles on the subject have appeared in almost every British paper, and the *Morning Post* especially has argued the case for an Anglo-American arrangement with great earnestness and force.

The *Spectator* proceeds to state its own opinion in the following unequivocal terms:



BRITANNIA: "AM I, THEN, NO LONGER TO RULE THE WAVES?"
From John Bull (London, England)

We cannot imagine how any sane person can halt between the alternatives. The experiences of the war, and, much more, the foretaste which the war gave us of methods of fighting by sea, land, and air, which had not as yet been developed, but which are certain to come in the future, have reduced the future of war between great powers to a tragical farce. The thing could be done, of course, but it would simply mean suicide. It would not matter very much who won because everybody would be ruined even if they survived. Security we all want—the need for it remains as great as ever—but it is evident that it cannot be obtained in the old way. Everything has changed. Before the war we were always untiring advocates of a strong navy because Germany clearly contemplated an attack upon the peace of Europe and because in those days the cost of security, great though it was, was within the capacity of the national purse. But what folly it would be to repeat the same methods now when no such thing as security by physical means is obtainable and when the attempt to obtain it would be utterly beyond our financial means! It may be said, though by very few persons we fancy, that what we are advocating is a surrender of the naval supremacy which we have possessed for generations, that we are adopting a policy of weakness, and that we are proposing to accept risks which should be abhorrent to every Englishman. Risks, of course, there must be—that is admitted—but what risk could be greater than heading straight for bankruptcy without even the likelihood that when bankrupt we should still be safe? The position has wholly changed also because we no longer have a naval enemy in Europe. If we want enemies in this generation we shall have to create them. A very good way to create them would be to challenge other countries to a fresh naval competition.

Suppose we wanted to enter into such a Dance of Death with America as our *vis-à-vis*. She would win in the end. The Americans are an obstinate people, not to be daunted when they are aroused any more than we are to be daunted, and they will have a good deal more money to spend on hobbies than we can hope to have. The whole idea is sheer lunacy, especially at a time when no two sailors can agree as to what kind of navy, if any, ought to be built. The Admiralty want to build capital ships, and no doubt they can make out a pretty good case. The final developments of the war proved that a capital ship can be quite well protected from submarines. But even so, look at what that means. It means that you would have, let us say, nine million pounds (representing a capital ship) floating at the center of a circle, and the circle or screen of protecting destroyers round it would be made up of floating units costing, let us say, three-quarters of a million each. New warlike inventions, projected during the war and now being perfected, are being made so rapidly that a ship would scarcely be finished before she was obsolete. If the submarine danger may be taken as more or less settled, there is still the danger from the air. Probably the decks of no ship in future, even if they could be armed sufficiently to resist gunfire—which, by the way, will be far more accurate than it was at Jutland—will be able to resist aerial torpedoes. People talk about "roofed-in" harbors. It is quite

conceivable that they would be necessary—replicas on a grand scale of the roofed-in submarine shelter which the Germans built at Bruges. But there again there would be a pretty penny to pay. We simply have not got enough money to commit *hari-kari* with such elaborate detail.

It has recently been pointed out that Great Britain once had a three-power standard, that she then dropped to a two-power standard, and that she now aspires to be no more than equal in strength to the navy of one other great power. Says the *Spectator*:

If we enter into another competition we shall be building against America or against Japan, and the world would know that we could not conceivably be building against anybody else. Let us think, again, what this would mean. It would mean that we should be basing our policy upon the possibility of war with America. But such a possibility ought utterly to be ruled out. We should not be building to help America against Japan because America can very well look after herself. Neither America nor Japan is at present building against us. They are building against one another. The only other possibility worth glancing at is that we might think of helping Japan against America. But this is, if possible, an even more odious idea than that of a direct fight between ourselves and America. It would certainly bring about the break-up of the British Empire. We have no quarrel with Japan, who is still our Ally, and a war with her in her own home waters is not to be thought of. Why, then, should we build?

In the suggestion made by the Navy League, that if discussions can be opened between America and Great Britain, both sides should be largely represented by seamen, the *Spectator* heartily concurs. Seamen, it says, are natural diplomats, and the brotherhood of the seas is a solvent for all kinds of suspicion and perplexities that distress and impede politicians. It would seem perfectly natural to sailors that they should coöperate, and the *Spectator* reminds us that as between the American and British navies it has always been so:

Those who have heard of them can never forget some of the incidents which prove this. There was, for instance, the episode of one of the Chinese wars, when an American commander, who was supposed to be looking on at the "scrap" as a neutral, rushed to the assistance of a hard-pressed British boat's crew with the exclamation: "Blood is thicker than water!" Yet, again, there was the unforgettable speech which Admiral Sims made in the Guildhall some years before the war, when he declared that, if necessary, America would support Great Britain against an enemy to the last man and the last dollar. Finally, there was the wonderful coöperation, mutually trusting and complete, between the British and American ships in the late war.

JAPANESE AMBITION IN ASIA

A SURVEY of contemporary Far Eastern politics is contributed to the American magazine *Asia*, for February, by J. O. P. Bland, the well-known British writer and lecturer on Oriental topics. Mr. Bland is interested in securing the adoption by the Consortium Allies of a common policy of helpful and disinterested friendship toward China, and to this end he believes that everything possible should be done to bring about more cordial relations between the United States and Japan.

Having recently traveled in the United States and also in the Far East, Mr. Bland is convinced that neither America nor Japan wants war, over either the California question or Shantung or Manchuria. But he has observed that in both countries there are at work elements whose active propaganda tends to produce increase in irritation, and to create in the public mind a belief that sooner or later war is inevitable. In spite of this, Mr. Bland believes that if the steadily growing liberalism of Japan can be encouraged and strengthened by a sympathetic attitude on the part of America and England, the power of the military imperialists will be finally broken, and a solution found for all outstanding questions—even that of the Open Door.

Mr. Bland has found it impossible to discuss any phase or feature of the Far Eastern problem with any educated Japanese without realizing how deeply the national mind is imbued with a bitter sense of the injustice of the white races, which deny the principle of racial equality in the Western World, while insisting on the Open Door and equal opportunity in the East. The unwise handling of the question at Versailles only increased the resentment felt upon the subject of racial discrimination, always widespread and bitter. In Mr. Bland's opinion this resentment constitutes the strongest asset of the military party and of the Pan-Asian Imperialists, who dream, as did the militarists of Germany, of a great war of conquest and the overlordship of vast territory.

Japan feels compelled to seek an outlet on the Asiatic Continent for her surplus population and to prevent food shortage. As Mr. Bland views the matter, everything points to the conclusion that Japan's rules will not consent to permit the expansion of the country to be confined to Korea and Manchuria. Japan impresses one, he says, almost more

than any other country, by the prevalence throughout all classes of society of the spirit that Prince Ito describes as "full consciousness, confidence, and interest in the national mission and the national destiny." Marquis Okuma once said in an article:

I have no doubt that Japan will propagate to China and other countries in the Orient whose standard of civilization is low, her new civilization, which is a product of harmonizing the Japanese and European civilization. In a sense, Japan may be said to have the mission of harmonizing eastern and western civilization, and of propagating the new civilization; nay, I do not hesitate to declare that this is her mission.

Mr. Bland reasons that when severe economic pressure underlies a virile nation's belief in its divine mission, such a nation's claims to expansion are not likely to be permanently checked except by superior force. Still it is Mr. Bland's conclusion that the future policy of Japan's rulers and their solution of her vital food problem will tend rather in the direction of economic than of territorial expansion.

Having traveled last year through Manchuria and Korea, after an absence of ten years, Mr. Bland does not hesitate to say that in both countries the natives are much better off to-day, economically speaking, than they were before the coming of the Japanese. Their standard of living has been materially raised, and the bandit has gone out of business in most places. There have been mistakes in local Japanese administration. The Japanese soldiery in Korea has committed many acts of brutal severity, but in Mr. Bland's opinion the policy of the Imperial Government on the whole has been wise, far-seeing, and liberal. Japan has spent more money in both countries than she is likely to get out of them, and their natural resources are being developed in a way that the natives never would have thought of attempting; but the fact stands out that all this development is administrative and that most of the actual work is done by native labor.

It is part of the Japanese Government's deliberate policy of feeding Japan's home industries by the establishment, with all possible safeguards for the future, of new sources of raw material and new markets for consumption of Japanese manufacture. It is a conquest by railway and bank development, unaccompanied by any large scale movement of Japanese settlers or soldiery; and this, for the simple reason that Chinese labor is far more economical and more efficient than Japanese.

THE SALES TAX IN THE PHILIPPINES

IN the discussion of a sales tax as a practical measure for adoption in the United States comparatively little has been said regarding the experience of those countries which for several years have employed this form of taxation. The country which we can study with the greatest profit and from which we can most easily obtain information is the Philippine Archipelago, where a sales tax has been in operation continuously since 1905. The man who prepared the original plan for this tax, adopted by the Philippine Commission, and who served as Collector of Internal Revenue in the Philippines during the first six years of the operation of the tax, is Mr. John S. Hord.

In the course of an address before the Chamber of Commerce of the State of New York on January 6 Mr. Hord outlined the features of the Philippine system and stated some of his reasons for believing that a similar tax might be successfully administered in the United States.

Before his experience in the Philippines Mr. Hord had for a time been in business in Mexico under the régime of Porfirio Diaz and his Secretary of the Treasury Leman-tour. At that time the Mexican Government was collecting a sales tax which made it possible to liquidate its heavy foreign and domestic obligations and to achieve prosperity. From his observation of the workings of the Mexican tax Mr. Hord had concluded that it was both equitable and productive, and that its enforcement and the manner of its payment would not harass the taxpayers. This led him to propose and formulate a sales tax project for the Philippines. In working out this project it was necessary to convert the very complicated system of license taxes (known as the *Industria* law under the Spanish administration) into a consistent, uniform tax, easy to understand, assess, and collect. He devised a scheme for a sales tax at a one per cent. rate per turnover, whether by manufacturer, wholesaler, or retailer. As to the working of the law, Mr. Hord says:

When this tax law was first promulgated there was a universal protest of discontent. To-day there is scarcely a murmur. This happy result is probably due to the following facts—now well established:

It is easily assessed and fully collected. Therefore there are no non-taxpayers to enjoy an unfair advantage over law abiding competitors. There are no provisions in the law impossible

of fulfilment and all administrative regulations were made to fit commercial conditions.

The tax rates are low yet.

The tax collections are ample for all needs—which together with the present general satisfaction with the law would seem to indicate that the total tax burden is evenly distributed.

Internal revenue stamps are in no case affixed to articles of merchandise coming into the hands of consumers. The stamps are glued to merchants' licenses and to invoices from the manufacturer to the merchant, but never are they glued to the goods themselves. Therefore, the ultimate consumer is allowed to forget (and has forgotten) that he is paying a tax.

The Philippine sales tax is not heavily cumulative, seldom exceeding 3 per cent., and normally less than 3 per cent. of the cost price of the goods to the ultimate consumer. Compare this with the luxury consumption taxes in this country, which run from 3 per cent. to 100 per cent. and on such necessities as the working girl and boy lunch at soda fountains will range between 10 per cent. and 15 per cent.

A report by the United States Department of Justice on the effects of the excess profit tax in this country said that it had increased the cost of some necessities over 23 per cent. to the consumers.

It soon became well known to all in the Philippines that the tax on sales was normally shifted along until the goods reached the ultimate consumer, and that on him the final incidence of the tax rested. And that as all must eat food and go clothed all must pay the sales tax.

Mr. Hord summarizes the Philippine experience under the following heads:

1. That the total tax burden is distributed amongst all and to each according to his ability and willingness to pay.
2. That it is not a tax against the living wage and can be defended on grounds of social justice.
3. That the tax rate is small, can be shifted, and is not heavily cumulative.
4. That it is easily assessed and fully collected at a reasonable expense, and without harassing the taxpayers.
5. That its productivity is such that it soon paved the way for free trade with this country.
6. That its operation is so equitable that the Philippine Government now intends to double the tax rate.
7. That sixteen years' satisfactory operation proves that it is neither unsound in principle nor impracticable.
8. That commercial and industrial conditions in the Philippines and this country are sufficiently similar to prove that a Sales Tax would produce good results here.
9. That it would provide sufficient revenue to meet the extraordinary present needs of this country.
10. That with Canada on the north, Mexico on the south, France to the east, and the Philippines to the west, all enjoying the benefits of Sales Tax laws, it would seem that this country could safely and profitably follow their example.

A RUSSIAN ESTIMATE OF LENINE

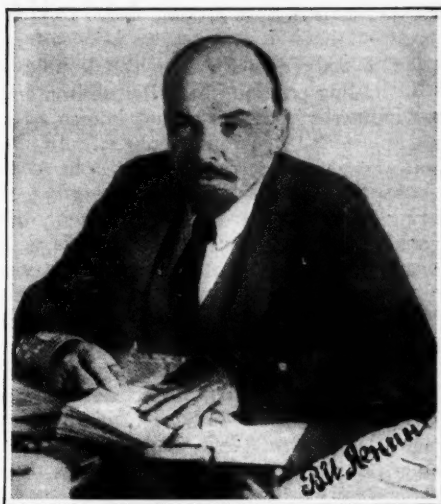
THE Russian writer, Alexander Kuprin, contributes to the *Atlantic Monthly* for January a searching and critical study of the man who would generally be described to-day as the most famous of living Russians. Yet the name by which this celebrity is known to the world at large is really a pseudonym. Vladimir Ilyich Ulianov, born of a noble family in 1870 and educated at Simbirsk and the Kazan University, spent the greater part of his mature life outside of Russia, writing over several signatures, one of which was Lenine, in the revolutionary journals published in Geneva.

Kuprin states that at the time of the abortive revolution of 1905 Lenine was in Petrograd. But he had no important part in that movement. Years before his brother had been executed for taking part in the assassination of Alexander II. Direct testimony gathered by Kuprin concerning Lenine's childhood and youth is scanty, but it seems clear that he remained strangely solitary throughout his school and university career. As his character became set, he is described as "straightforward, cruel, utterly lacking in feeling." He never formed close friendships or intimacies, but his ability as a writer and speaker gradually became known to his fellow students.

In his narrow, cold, and clear mind there was no room for that which constitutes the joy and the beauty of youth—for imagination. He always reminded one of a serious, mature mathematician who comes to a group of boys making childish attempts to solve by means of home-made methods the problem of the square of the circle, or of perpetual motion; he smiles at their efforts, takes a paper and pencil, and in a few moments demonstrates the uselessness and the aimlessness of their task; then he goes away, leaving them disappointed, but convinced and contrite.

Summing up his analysis of Lenine as he rules to-day in Moscow, Kuprin says:

Lenine is not a genius; he is only moderately able. He is not a prophet; only an ugly evening shadow of a prophet. He is not a great leader: he lacks fire, the legendary fascination of a hero; he is cold, and prosaic, and simple, like a geometrical figure. With his whole being he is a theoretician, a passionless chess player. Following in the footsteps of Marx, he carries out that cruel, stone-like teaching to its absurd results, and constantly tries to overstep even that limit. In his personal and intimate character there is not a single outstanding feature: they have all disappeared in political struggles and polemics; in the oneness of his thought. But in his ideology he is a Russian sectarian. Only those amazing Russian seekers after God and truth, those savage interpreters of the dead letter,



LENINE AT HIS DESK IN THE KREMLIN

could have translated separate expressions in the Gospel into their monstrous and absurd ceremonies and rites: into castration, self-burning, and their other atrocious practices.

Beauty and art do not exist for Lenine. He has never been interested in the question why some people are moved to ecstatic joy by Beethoven's Sonata, or a Rembrandt painting, or the Venus of Milo, or Dante's poetry. Listening to such effusions, he would say with the condescending smile of a grown-up man speaking to children, "Men sometimes waste their time on trifles. All these works of art that you speak of—what relation do they bear to the class-struggle and the future power of the proletariat?"

Every Socialistic precept must contain a grain of love and respect for man. Lenine jeers at such sentimentalism. "Only hatred, self-interest, fear, and hunger move the great masses," he says to himself. But only to himself, for he knows when to be silent.

Red newspapermen sometimes try to create an image of Lenine as the father of the people, a kindly, good-natured, bald-headed "Ilyich." But these attempts always fail. The bald-headed Ilyich loves no one and needs no one's friendship. The task he has set before himself calls for the power of the proletariat, achieved through hatred, death, and destruction. He does not care how many "comrades" may perish in the bloody welter. And even if half of the proletariat perish, breaking their heads against that mighty rock up the slope of which billions of men have been laboriously and sacrificially climbing for hundreds of years, while the other half finds itself in the grip of slavery such as had never been dreamed of before, he, this cross between Caligula and Arakcheyev, will calmly wipe his surgeon's knife on his apron, and say, "The diagnosis was correct, the operation was performed faultlessly, but the autopsy showed it to be premature. Let us wait another three hundred years."

HIGH WAGES, THEIR EFFECTS AND THEIR CURES

NOT only does Sir Hugh Bell hold a leading position in the British iron and coal industries, but he is well known as a progressive and generous employer. In the *Contemporary Review* (London) he contributes a close analysis of the rise of wages during the war, and deals frankly with the difficulties that confront industry while they remain at their present level. He quotes figures from a railway company with which he is connected, and from his own collieries and quarries, which show that before the war the average earnings of the railway men were £73 a year, while that of the colliers was £71. This year the railway men's average wage has risen to £257, while those of the colliers employed by Bell Bros. are less than £220.

He points out the remarkable difference between these earnings as compared with the almost exact level before the war, and attributes the success of the railway men in gaining such substantial advance to the fact that the railways were reinforced by the whole credit of the government. He examines the financial position of this particular railway, and shows that it cannot possibly continue on the present basis. He even asserts that the government had recourse to issuing paper money in order to find the means of paying some of the wage advances which it sanctioned during the war.

From the experience of his own industries he shows how the increase of miners' wages will affect other industries:

The coal used in the enterprises with which I am associated is in the main the produce of our own collieries. It is of little moment to us what we call the price of our fuel. What we pay is the cost of getting it. For the purposes of account, it may be called a penny a ton, or a hundred pounds a ton, it would make no difference. The collieries would show a huge loss in the one case and a huge gain in the other, but the blast furnaces and steel works would be affected just as much in the other direction, and the net result in the profit and loss account would be the same. For our own guidance, we used before the war to charge our fuel at what we thought was about market price. Since 1914 the incidence of war taxation with all its strange vagaries has made it the object of the taxing authorities to show a profit at one place rather than at another, for our rulers have decided that one commodity should pay more in taxes and another less, and so the revenue officers seek to adjust prices and profits accordingly.

The new wage will have to be paid in his case, not by the ton of coal, but by the ton of steel, and, since it is no longer possible to go to the government and ask it to pay, on its war contracts, the additional pound a ton on the price of a ton of steel, it seems certain that the price of steel must fall. The only result in that case will be unemployment in his industry.

The whole industry of the country is on a false basis, Sir Hugh Bell declares:

Insensibly we have abandoned more and more the proposition that each sound commercial enterprise must find the whole cost out of the proceeds of the undertaking. That the unit of production, ton or yard, must pay every charge was accepted as a true proposition. There has been a growing tendency on the part of the legislature to place burdens on industry; apparently in the belief that these would be met from some other source than the gross product or that there were surpluses which could be used without injuring the business. The charges were imposed sometimes directly on the undertaking, sometimes indirectly by additions to the rates or the taxes to which it was subject. Workmen's compensation may stand as an example of the first description, education of the second. It is no part of the present paper to say whether these burdens are wise, or the reverse. All that is urged is that the charge must come against the proceeds of the unit of production. It cannot be met from any other source.

He quotes the remarkable statistics published by Mr. Geoffrey Drage in the *Times* (London), which showed that the amount of money involved in state subsidies of one kind or another had increased from £25,000,000 in 1891 to £312,000,000 in 1920. This sum, as Sir Hugh Bell points out, must come from the total product of the nation.

We must learn by bitter experience that free education costs money, that housing schemes depending on government subsidies do not give us cheap cottages, that the promise of ninepence for fourpence is a delusion, which is bad enough, and a snare, which is still worse. We live in a fool's paradise if we think this state of things can continue. We must as quickly as may be get down to hard facts. We can neither afford to spend on "Public Assistance" such sums as have been named, nor to continue to pay such wages as are now current. The sum of the production of the nation will not provide the funds needed. A mere raising of all the wages paid in this country will not materially improve the position of the inhabitants. Since wages form so large a part of all costs, it is clear that to raise wages means to raise costs. On these increased

costs a fresh claim will be based, and so on round and round the vicious circle. The only way in which improvement is possible is by increasing production.

Sir Hugh Bell declares himself to be comparatively indifferent as to how capital shall be held, or in what masses. "The capital of the country as a whole may be owned by the state or held in common by all the inhabitants, or by certain groups or guilds without in any way altering the conclusions to which I have come."

The one important matter is that it should increase, that each year the nation should have produced more than it has spent. In this way alone we can hope to retrieve the position. As we are now going, we are heading straightway to bankruptcy. The more people who share this surplus the better. Savings beget savings and add to the possibilities of increasing that leisure and those amenities which I join with Professor Bowley in desiring to preserve and increase.

There is but one cure, he concludes. The

nation must produce more, and must spend less, or, better still, must do both. It is essential that more be produced, for only by that means will there be more to divide. He ends by declaring that employers and employed must alike go to school:

I have long felt that those engaged in directing industry should afford to the persons they employ fuller information on the subject of their joint enterprise. For reasons which it would be easy to assign, it is impossible to share the responsibility, but it is not difficult to give information which would convince all who were willing to learn what are the problems to be dealt with and the obstacles to be overcome. In doing this they would learn more of the troubles with which their co-workers are oppressed. Out of these conferences might be hoped to come mutual understanding and confidence. For it cannot be doubted that the common good brings also the individual benefit. We need not pretend that it is an easy lesson the parties to the question have to learn. It presents great difficulties, for it deals with many complicated circumstances, and with problems which, though always present, have not long been at all clearly stated.

GERMANY'S BROWN COAL BOOM

THE supreme task now set before Germany's men of science is a speedy and practical solution of the fuel problem. According to Robert Crozier Long, writing in the *Saturday Evening Post* (Philadelphia) for January 8, the 20,000 German professors now on the job seem in a fair way not only to make their own country self-supporting in the matter of power, but to create the surplus of that valuable commodity for export to other countries.

Possibly Mr. Long's assertion that they are "making power out of nothing" is an exaggeration, but when he explains that this new nothing, or next to nothing, on which they are operating is the brown coal, similar to the lignite which abounds in the Dakotas and other parts of our West, we can pardon the phrase. For no kind of fuel has been regarded in the past as possessing less actual value. When taken from the ground brown coal is, as Mr. Long describes it, a very poor relation of black coal. It is vegetable matter of the Tertiary formation which has been through only the beginning of the heating and compression which in older deposits yielded bituminous coal and, in the final stage, anthracite. About all that can be said in favor of brown coal is that it can be easily worked and that its supply is inexhaustible.

Germany now knows, if she never knew before, that she is in for a coal famine. The simple truth is that she cannot get back to the production of ordinary coal that was regarded as normal before the war. The utmost estimate for 1920 is 70,000,000 tons below the output of 1913. But this fact alone would not have caused the present scramble for brown coal among the industrial magnates of Germany—Stinnes, Thyssen, Wolf, and the Stumms. What has put real life into the brown coal boom is the discovery that oil may be profitably distilled from this substance, and German science decided long ago that oil was to be the fuel of the future. Direct consumption of any kind of coal is now looked upon as waste.

Oil has sometimes been distilled from black coal, and now the distillation process has been applied to brown coal. Although technically far more difficult, and perfected only after a great outlay of brainwork and money, the brown coal process is far more profitable than the distillation of black coal, for the reason that black coal has still a great intrinsic value as power, whereas brown coal is regarded as almost worthless for direct consumption.

There are extensive brown coal fields on the Rhine near Cologne, in Prussian Saxony, Thuringia, Anhalt, and Brunswick; between

the Elbe and the Oder; in Upper and Lower Lausitz; in Cassel, in Westerwald, in the Rhineland, and in Bavaria and Silesia. Taking into account the brown coal beds in Russia, it is estimated that the visible supply, if converted into efficient and transportable fuel, would furnish all Europe with power for a thousand years. Between 1913 and 1917

Germany's brown coal production rose from 87,233,000 to 95,553,000 tons. The estimated production for last year is 110,000,000 tons. Within three years, however, it is believed that there will be a yearly output of 180,000,000 tons, and, unless all signs fail, this will be increased within ten years to nearly 300,000,000 tons.

THE SUCCESS OF AIR TRANSPORT IN EUROPE

AN enthusiastic review of the progress made in England in commercial aviation since the war is contributed to the *Fortnightly* (London) by Mr. Harry Harper, the technical secretary of the Civil Aerial Transport Company. The problem for the organizers of air transport, he declares, is not so much the aircraft or its speed or reliability, as the provision of sufficient loads to be carried regularly by air. We are ready now, he says, for the routine of commercial flying:

Air transport has been proved to be rapid; it has been proved to be reliable; it has been proved reasonably safe; and it has been shown, also, that it can be provided at rates which, when one remembers the time saved, are perfectly commercial. In more than a year's daily flying between London and the Continent, a route on which wind attains an average velocity of nearly thirty miles an hour, and blows often at gale strength, the "air expresses" have maintained a steady average speed which has never fallen below 100 miles an hour.

As to reliability, all one need say is that on its first twelve months' flying between London and Paris the pioneer express service was able to attain—even though a number of aids to bad-weather flying were lacking—a percentage of dependability as high as 94; while in regard to safety—though here again there were special risks which science and organization will now remove—the Continental airways registered more than 700,000 miles of their first experimental flying, in all weathers, with the loss of the life of only one passenger and the injury of none. Mishaps there have been. Accidents we must still be prepared for. We cannot expect to establish a new mode of transport like this without paying some sort of toll for the immense benefits we shall gain.

This whole question of risk is, of course, one of averages and of reliable statistics. There are elements of risk still which should not exist when air routes are better equipped; and so long as there are such possibilities of danger, lying in wait, so to say, for some abnormal weather conditions or circumstances, one cannot rest content in one's mind. At the same time, and when viewed in their proper relation to existing conditions, the figures I have been able to quote are certainly most encouraging.

It should before long, he says, be as safe to travel by air as by land and sea, and when high speeds are entailed, air navigation should in some respects be even safer than very fast travel on the earth. Moreover, with reasonably large loads of passengers, mails, and goods forthcoming regularly, an airway operation, with such improved machines as now exist, should have no difficulty at all in making progress.

Already we can carry half a dozen passengers for the same engine-power we required last year to carry two. The designer of commercial aeroplanes is, indeed, constantly busy now with experiments and with the special problems which arise in the actual working of airways. His machine must leave the ground quickly. It must fly at a high average speed. It must alight as slowly as possible. Above all, as one famous designer summarizes it rather neatly, the aim must always be "to do the same work with just a little less power."

Air routes must not only be maintained, but extended rapidly. They must be regarded not as a convenience to be restricted to the few, but as a new factor in life which must be shared by all. This universal development of flying in which trans-ocean, airship routes must play their part will require capital to the extent of many millions. Mr. Harper pleads eloquently for a recognition by the various governments of the urgent necessity to assist commercial aviation in its pioneer stages. So long as the opening up of new airways is a matter of sheer unrelieved speculation, flying during the next few years will be doomed to a bare struggle for existence. Mr. Harper draws attention to the invaluable uses of a mercantile air service as an adjunct to the naval and military air services.

Though the design of service aircraft must take a line of its own, and though the commercial machine may develop in such a way that it will be of little use in future wars except as a transport or a form of auxiliary cruiser, the existence

of large commercial firms will be of immense value to the war service. Their designing staffs can be called upon; their resources for manufacture on a large scale will be available instantly; while commercial air routes, with their landing grounds, night-flying equipment, and skilled staffs, will also prove of extreme utility in time of war; not forgetting the airway pilots who, though their training will have been different from that of service pilots, will none the less be available for all sorts of non-combative duty.

No less valuable will be the uses of commercial development of flying from the point of view of stimulating trade.

Though great cities stand just where they did, it is none the less a fact that Paris is almost as conveniently near London now, from the point of view of getting there and back in a day, as is, say, Birmingham. On the same basis we shall soon have Madrid as near London by airway as is Glasgow at the present time by railway; while the air journey from London to Rome will be made in about the same time we take to travel to Dublin by train and boat. Business men will, in fact, now that we are really entering on the phase of commercial air transport, find that the map of Europe, so far as getting from place to place quickly is concerned, is less than half the size it used to be.

Already we have laid the foundations of a European airway system. In addition to the daily "express" services from London to Paris, Brussels and Amsterdam, one can travel on from Paris by air to Strasbourg, Geneva, and Prague; while from Amsterdam, *via* Bremen, there are now three services weekly to Berlin. Vienna has also been connected with Berlin, the service being so arranged that travelers who breakfast, say, in Vienna, can reach Berlin in time for lunch. Recently the Paris-Prague service has been made a daily one, the journey being accomplished in about six hours.

Flying is not only the fastest form of travel, but also the easiest. Mr. Harper draws a fascinating contrast between the comfort and simplification of traveling by airplane and the irritation and unrest of an ordinary journey.

Take, for example, a journey to Paris by boat and train. You get to Victoria in time, say, to catch a morning train. Then, after the usual formalities and the securing of a seat, you settle down to a long and fatiguing day. First you have the journey to the coast; then the ordeal, which is dreaded by so many, of the Channel crossing. Then there is the scramble for a seat



PASSENGERS FROM PARIS DISEMBARKING AT CROYDON, NEAR LONDON—A DAILY SCENE AS SKETCHED BY THE ARTIST OF THE LONDON "SPHERE"

in the Paris train, followed by more hours of travel before, in the evening, you arrive in Paris and taxi to your hotel, quite tired out.

Now take the airway. You find suddenly, we will suppose, that you must make an urgent journey to Paris to-morrow, getting there as soon as you can. You ring up and book a seat in the "air express." Next morning a motor-car picks you up in the West End and takes you out to Croydon Aerodrome, and, after brief customs formalities, you are in the air.

Specially-designed passenger aeroplanes have been put lately on the Continental airways, and they are proving remarkably comfortable. One new type, flying now on the daily service between London and Paris, carries a pilot and eight passengers. The latter are accommodated in armchair seats, luxuriously padded. The saloon they occupy is totally enclosed and quite draught-proof, and there are wide side-windows from which they can obtain a full view of the land or seascape below. A new refinement, which is very much appreciated, is the introduction of a sound-deadening partition between engine and saloon, which reduces the noise, even when this fast machine is rushing through the air at more than two miles a minute, to just about what one is accustomed to in a tube train. Conversation becomes easily possible between passengers sitting near each other.

Your air journey from Croydon to Le Bourget, the air-port of Paris, takes only about two hours, and you look down nonchalantly on the Channel from a height of several thousand feet. Its terrors are gone.

You alight at the Paris air-port, and a motor-car takes you promptly into the city. You have one vehicle for the whole air journey, and one ticket only instead of a bookfull.

The cost of the journey to Paris, as compared with roughly £5 for a first-class rail-and-boat journey, is ten guineas. For busy men the saving in time, which works out at

a cost of about £1 an hour on the difference between the fares, is obviously worth while, and next summer there is a promise of fares from London to Paris at seven guineas, which will mean a rate of only about sevenpence a mile.

If figures such as these can be quoted at this early stage of flying, when the services are so few and the volume of traffic so trifling, it only shows what should be possible in the future—and in the not-far-distant future—to place this new mode of travel within the reach practically of all.

THE PROBLEM OF NATIONAL EDUCATION IN CUBA

THE educational system installed by the United States and turned over to Cuba in 1902 has greatly deteriorated. Dr. Arturo Montori (*Cuba Contemporánea*, Havana) puts the blame upon the following factors:

- (1) Scanty instruction and defective education of lower classes.
- (2) Deficient collective aptitude for economic activity.
- (3) Frequent political disturbances.
- (4) The evident depression of patriotic feeling in very considerable portions of our Republic (Cuba).

Illiteracy (80 per cent. in 1902) is almost eliminated to-day; but reading and writing is nearly the whole achievement (only 12 per cent. of the pupils get beyond the second grade).

Four common defects must be corrected by the schools: (1) Economic improvidence—lack of thought for the future; (2) addiction to gambling (excessive in lower classes); (3) superstition (among women especially); (4) gross language (among boys).

Economic education, to-day almost lacking, should be given in special schools. The upper classes, educated in private schools, are responsible for political disturbances. Patriotism is weakening, as shown by

- (a) Political indifference and avoidance of public life by electorate.
- (b) The sale (on a great scale) of land and large individual enterprises to foreigners.
- (c) The demand for foreign supervisors.

The rich are responsible for the first by direct, and the two last by indirect, action. Their indifference has lowered political standards. The remedy lies in bettering all schools.

In 1902 the United States left Cuba this centralized school organization:

The Secretary of Public Instruction, the Board of Superintendents, the Commissioner

of Schools, the Board of Education, the Masters.

National idiosyncrasies rapidly transformed the school system into a political machine. The General Superintendent's powers were given the Secretary of Instruction (usually a politician). Provincial superintendents were administration errand boys, not technical men.

A generation, itself uneducated, failed to understand the significance of education (either for the individual or collectively). A politically elected commissioner chose teachers on political, not educational, grounds. The legal one-year appointments (meant to eliminate the inefficient) became a political weapon. Teachers sought appointments like day laborers. Congress (July 18, 1909) passed a law making a teacher permanent after two years' satisfactory teaching. Political appointees were forced to take the pedagogical courses.

With the organization of the board of inspectors began a disastrous epoch in Cuban pedagogical schools. Politics took the place of teaching. Lecture halls were closed, useless books bought, while necessary material was not bought. Examinations for masters were corrupt. The Summer Normal School was suppressed! Resultant scandals led to establishment of normal schools (Act of Congress, 1915). Simultaneously school salaries were increased, and aspirants for school inspector were required to have had five years' teaching experience.

Primary instruction has been bettered. Señor Montori suggests further remedial changes:

1. Reestablish duties of general superintendent and commissioners of schools.
2. Give the latter entire charge of primary instruction.
3. Create a technical section of primary instruction: the chief to work with general superintendent.

4. Provincial superintendents—responsible to general superintendent—to give entire attention to local pedagogical direction of the inspectors and masters of their provinces.

5. Forbid superintendents and inspectors all political activity.

6. Separate school and political elections.

7. Reestablish Summer Normal Schools: encourage masters' reunions, etc.

8. Establish salary scales: based on seniority and merit.

9. Reestablish five years' teaching experience rule for inspectors, only doctors of pedagogy to hold such posts.

Secondary schools are few. They are comprised in the following list:

The School of Arts and Crafts (Havana).
The Agricultural School.
The School of Domestic Science (Havana).
The Normal School for Kindergarten.
The Normal School for Teachers.
Provincial Institutes of Secondary Instruction.

Practical industrial, vocational, intermediary professional schools are either lacking entirely or too few. France, England, the United States, and Germany recognize the necessity of trade or professional schools for both sexes. Cuba must do likewise if she is to hold her own.

The whole Normal School System is inadequate. Disorganization, bad discipline, and a low scholarship standard in the secondary schools result. Secondary schools should be general in character, as their students are not competent to decide their future careers or to enter professional courses.

Cuban masters teach from eighty to one hundred students. Schools are understaffed and masters badly trained. Future teachers should have but thirty pupils, and be trained in pedagogy.

Dr. Ismael Clark (former Inspector of Instruction) and a committee of four found these defects in the private school system:

1. Indifference to hygiene.
2. Pedagogic disorientation.
3. Anti-patriotic education or indifference to national feeling.

The first two are characteristic of all schools, the third of private—particularly religious schools. Dr. Clark recommends the closing of anti-patriotic schools. Public opinion has demanded, in vain, that the state take over all private schools. Dr. Montori recommends that university training be based on the following conditions:

- (a) Professional end in view; (b) Proper

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educational training to develop the mind logically and systematically; (c) Acquisition of social culture—the university to become the cultural center of the country; (d) Teaching of nationalism and patriotism.

The first condition is best fulfilled; but the scanty preparation of professors and competition of foreign educators are impediments to a full realization.

Physical training does not exist in the universities. All discipline is lax; teaching is unsystematic and chaotic. Absence of alumni associations results in unintellectual college directorates and lack of leaders in country-wide educational, scientific, political, and social movements. The university does not teach patriotism to counteract faulty private-school training.

The university must correct (1) plans of study, (2) pedagogic disorder, (3) lack of professional preparation, and (4) interior discipline. To do this a thorough knowledge of psychology, method, hygiene, history of teaching and organization is necessary. Study must be systematized so that the various schools cooperate.

Disorder comes from verbal, abstract teaching. Too much verbal explanation, too little individual research, turns the student into a note-taking machine. The student must be encouraged to investigate and experiment *for himself*, the professor merely advising and correcting.

College professors require pedagogic training—they should know how to impart their knowledge. Frequently they consider teaching a minor consideration—their personal studies paramount.

The upper classes are aloof, apathetic. Hence literature, art, and drama suffer, politics and personal greed replace service and patriotism. Corrective education is the remedy.

To cure faults of professional education a National Institute or Superior Normal School should be founded—not to replace university schools, but to reinforce them.

Cuba must go back to Dr. Varona's teachings (1900), to better teaching—the raising of professional standards and reorganization and coördination of courses of study must be effected. It should base teaching on the standards given it by the United States, so far as possible.

Structural reorganization is necessary. Cuba must realize that a better system of education is necessary if the country is to advance.

THE COÖPERATIVE MOVEMENT IN ITALY

AMONG the reconstructive forces of economic and social life, in this troubled period when so many earnest reforms are being gradually elaborated, the writer of an article in *Rivista Internazionale* (Rome) reposes the greatest confidence in the principle of coöperation and its various applications.

This principle is by no means new, and constant daily experience has resulted in perfecting the details of coöperative associations, although the wider and deeper aspects of the question have lately been somewhat neglected in order to secure more immediate and concrete applications. Still the essential principle is more generally recognized, more highly valued, and more warmly appreciated to-day than ever before. This is exemplified by the animated discussions as to the fundamental quality of coöperation. Is it an anticipation of communism, a preparatory phase, or does it strengthen the present economic system by encouraging private initiative and thus hold collectivism aloof?

As to the formation of such associations, the writer considers that the number of members should not be limited, so as to avoid any danger that the institutions might become a hotbed of self-interest. Regarding the matter of admission, some believe there should be no restriction, while others consider, more justly, that in order to become a member the candidate should be required to accept the statutory principles of the society and the program that is derived from them. The association being a mutual one, in that all who make use of it participate in its benefits, those who deal with an association of consumers could not consistently be excluded from sharing in the profits in proportion to the value of their purchases.

An important consideration is the treatment to be accorded capital. Some maintain that it should not share at all in the profits, which should go to a reserve fund constituting the real financial basis. Others again see in this provision a trace of socialism and of the hatred of capital, and they urge that a certain reasonable percentage should be allotted as interest. This interest, however, is not to exceed the prevailing legal rate, and a part of the profits would be used for works of public utility, such as propaganda for coöperation, the formation of libraries,

the diffusion of periodicals and papers; not more than one-half of the profits would be given to the capital. It would also be provided that the reserve fund should be indivisible, so that the shares would never command a premium.

An exception to the general rule that the members of the coöperative associations should be exclusively manual workers, is recognized to be necessary in the case of co-operatives of production, as these require for their development the aid of technically trained and especially intelligent groups of men, whose exclusion would prove a great detriment for the undertaking.

Coöperation embraces many forms and aims at the attainment of various ends. The most important development at present regards associations of consumers. The co-operative organization of production has been much slower. A few striking failures and the lack of capital and technical ability have interfered with its progress. Now, however, the workmen are demonstrating that they possess better and higher qualities, and the principle of coöperation is beginning to be applied to the great industries. These efforts are enthusiastically applauded by some, although others still maintain a doubtful attitude. The writer of the article belongs to the former class, and he believes that the coöperative organization of the productive industries is destined to enjoy a high degree of success, just in proportion to the moral, social and technical advance of the proletariat. Nevertheless, we must not yield to the illusion that coöperation can soon be applied to the largest and most ambitious enterprises, such as are now the prerogative of private initiative.

The writer finds that a moral and social ideal dominates those who are working for coöperation to-day. They are striving earnestly to prevent it from becoming the source of new phases of egoistic activity. This can best be avoided by a healthy and vigorous propaganda, and by sound education in the true principles of the movement. The co-operative organizations of producers and consumers should be closely allied and should be mutually helpful, if they are to prove really efficacious. Thus in England some coöperative societies of consumers provide directly for the production of certain mer-

chandise. This is the course that is being followed in Italy by those who are animated by the conviction that coöperation is not in its essence the same thing as collectivism.

The success of the movement in Italy is shown by the statistics of the Coöperative

Federation, which reports 2053 rural banks; 2000 coöperative associations of consumers; 514 associations of producers and workmen; 410 agricultural unions. The rapid development of the past few months promises a great triumph in the near future.

AMERICAN AND EUROPEAN BUSINESS METHODS

IN the initial number of *Administration*, published by the Ronald Press Company, of New York City, there appears a suggestive comparison between European and American business methods, from the pen of Dwight T. Farnham, of the Society of Industrial Engineers. Mr. Farnham's article is based on his personal observations in France, Italy, Germany, and England. He notes at the outset that there is a tendency in America for each millionaire to improvise his own executive and business methods, which in Europe are in more accordance with precedents developed during centuries of business negotiation.

Trading with countries widely different in race, customs, and morals has made an exact method of procedure necessary. Words must be more carefully chosen and consideration must be given to the effect of each sentence upon the mind of the hearer when his historical and national environment is taken into consideration.

The European business man, says Mr. Farnham, has a much better idea of the effect his words will have upon the hearer and of what the recoil will be than has the American business man. The difference between the European and the American is likened by Mr. Farnham to that between a hunter armed with a twelve-shot automatic in a forest where game is plentiful, and a man armed with a duelling pistol, for which he must exactly weigh out powder and shot, alone with a single deer on a desert island.

Mr. Farnham was strongly impressed by the thoroughness with which English business men attack and discuss their problems:

Last fall I traveled from Manchester to London on a luncheon train. The journey took about three hours and during that time the men who occupied the table across the car from me were preparing for certain business negotiations to take place the next day. They first wrote down on a piece of paper the points they wished to make. Then they discussed these points to the last detail and made notations of the more important. They then considered what the other

parties to the proposed deal would be likely to say and devised ways and means of meeting every possible move. After that they discussed the strategy of the thing—the order of presentation most likely to produce the effect they themselves desired. Next they reviewed the whole thing, and finally the man who was to be spokesman gave an oral rehearsal of what he was going to say to be sure that he was letter-perfect and in order that the other men might criticize him.

I have prepared for a good many business deals, but I have never before encountered such thorough preparation as these men went through. Under the circumstances, failure seemed almost out of the question.

Mr. Farnham found that both English and Continental business men make the fullest use of the appointment system.

If one wants to see a man of any consequence anywhere abroad one must either write to him or phone the secretary. One is then told when to come and at the beginning of the talk learns the hour of his next appointment. If business is not completed in the time allotted, a second appointment is arranged. There is no stimulant to the omission of irrelevant details, equal to the knowledge that in exactly twenty minutes the next man will arrive.

Week-ends in the country are not all pheasant shooting, golf, and light conversation in the baronial hall. Unless one arrives with a secretary loaded with dispatch cases one will probably be lonely. At dinner one sees all the guests in the house, but if one has not letters to write, reports to prepare, or conferences to hold in one's room, one finds the baronial hall empty most of the time. Week-ends abroad are an opportunity to do clear thinking free from interruption, not a round of hectic entertainment which sends one back to town, hating the hostess only a little less than the work piled up.

In France the morning hours are variously used by business men. Some men arrive early at their offices. One can generally count, however, on finding them in from about ten until a little before twelve. Luncheon is taken very seriously; the business man generally goes home to his family and follows the meal with a siesta, as was long the custom of the Rockefeller associates, or with a walk in the garden. By two-thirty one will begin to find men in their offices

again, and one can count on doing business until seven o'clock.

The article concludes with a word of suggestion and advice to American business men:

America is now a world power with a mercantile marine. We must do business abroad increasingly as the years pass. To do this we must

understand the foreign business man and his methods. The art of negotiation is not a game for amateurs. Provincialism must give way to finesse. We must learn French. We must learn to say exactly what we mean. We must replace good intentions and a weakness of aphoristic ideals with a knowledge of racial psychology and historic likes and dislikes. We can't afford to hate foreigners because they do not understand us.

AMERICA'S ECONOMIC STRENGTH

AN article in the December number of the *Fortnightly Review* (London) is entitled "The Economic Predominance of the United States." The writer surveys the range of natural resources possessed by this country, notes the growth of output, and especially the increased exports of recent years, comments on the national wealth and financial policy, and concludes, from the British standpoint, that competition between England alone and the United States is hopeless, but that the supremacy of the British Empire as a whole may yet be made secure.

In the opinion of this writer the growth of the American export trade is not merely transitory. He does not believe that it is merely a mushroom growth, due to the war, as has been frequently asserted. On the contrary, he thinks it is likely to be permanent. In support of his assumption that America is likely to become a more and more powerful competitor in the world's trade in manufactured goods he cites the export figures of American non-war goods, in the production and sale of which the United States has to meet the keenest and the most effective competition of other nations. The cotton and silk industries are cases in point. In ten years America's export of cotton manufactures increased considerably more than five-fold in value, while her export of silk manufactures grew more than fourteen-fold, and these industries did not receive a direct stimulus owing to the war.

Analytical examination of the American trade statistics shows that the United States are becoming a more and more dangerous competitor to Great Britain in the markets of the world. The United States are exporting, both absolutely and relatively, a steadily increasing quantity of manufactured goods. That country is becoming more and more an exporter of highly finished industrial productions, while its exports of food and of raw materials are relatively declining. In the eighties and nineties of last century less than 15 per cent. of America's exports consisted of fully manufactured goods. That proportion grew

steadily and continually, and during the years preceding the war it amounted on an average to 30 per cent. During the war years fully manufactured goods formed almost 50 per cent. of the American exports. That progress is highly significant. The eminence of the United States as a manufacturer, not only for home consumption, but also for export, has been vastly strengthened during the war, and to all appearances the United States will not only be able to retain a very large portion of the markets which they have conquered of late, but they will continue their triumphant progress as exporters of manufactured goods. Their chances of strengthening their hold have, of course, been greatly increased through the economic breakdown of Europe. Supremacy in the productive industries leads, as a rule, to supremacy in trade as well. That is the experience of all time. The Americans may become, not only the world's manufacturers, but the world's merchants, shippers, and bankers as well. The position is disquieting for countries, like England, which depend for their existence upon a large and ready sale of manufactured goods in foreign markets.

The writer predicts that the distracted states of Europe, unable to support themselves by their unaided exertions, are likely to sink more and more deeply into debt to the United States. "The financial fetters which America has fastened on the Old World are becoming heavier and heavier." It is suggested that the debt which Europe owes to the United States may be wiped out by transferring to American citizens European undertakings equal in value to the amount of that debt. It is not inconceivable that, through the purchase of European undertakings by Americans, Europe may become a dependency, if not a colony, of the United States.

The warning to England, according to this writer, is concerned with the exploitation of natural resources. Wealth depends upon production. The United States has twice as many white citizens as the United Kingdom. But there is a far greater disparity in the industrial output. Owing to the use of more powerful and more perfect machinery in the United States, and to the absence of restric-

tion of output on the part of the American workers, production per worker is approximately three times as great in the United States as it is in the United Kingdom. Thus, with twice as many white inhabitants, the United States produces about six times as large a quantity of goods. Compared with the United States, the *Fortnightly* reviewer intimates that Great Britain may in time become another Belgium, because of its narrow area and limited resources. But he takes refuge in the fact that the British Empire is more than four times as large as the United

States, while its natural resources are probably as great as those of the Republic.

By following a wise policy of development the unlimited latent riches of Great Britain and of the Empire may be turned into wealth and power. Statesmen of vision may establish the world-wide paramountcy of the British Empire. A policy of drift will make Great Britain and the Empire dependencies of the United States. Political muddling and the wrong-headedness of the labor leaders may establish the world-wide supremacy of the American Republic and reduce Great Britain to the condition of an American protectorate.

A "CANDID APPRECIATION" OF THE UNITED STATES BY MR. PUNCH

THE epilogue of the 159th volume of *London Punch* takes the form of an interview which Mr. Punch supposes himself to give to an American reporter as the liner on which he is approaching New York goes up the bay. He answers the question, "What do you think of the American nation?" by saying:



MR. PUNCH

"Well, I think a good deal about it, and it nearly always makes me smile. Of course, you won't understand why. It nearly always makes me smile because we don't see fun in the same things. You don't appreciate our humor, and therefore you say that we haven't any, and if we don't appreciate your humor that proves again that we haven't any. So you will never understand why it makes me smile, sometimes gently and sometimes rather bitterly, to think about your nation, but I'll tell you just the same.

"In the first place, what you call America is only a small fraction of the American Continent, not even as large as British North America, and in the second place what you call your nation—well, some rude person once said of it that it is not really a nation at all, but just a picnic. I won't go so far as that, but I hardly suppose you will be much better pleased if I call it a league of nations. That is a phrase that you know, because your President, Wilson, loves it."

It seems to Mr. Punch that the American attitude on Ireland is nothing short of pathetic. He declares that our memory must

be poor, since our own Monroe Doctrine, which insists that nobody from outside shall interfere with American affairs, escapes us completely whenever we want to interfere with other peoples. He thinks that we must forget at times our own Civil War, and in his opinion the best answer to our sympathy with the "preposterous claims" of the Irish Republic is to be found in those four years in which we fought so bloodily to preserve the integrity of our own Union.

Mr. Punch really does not wish us to become the laughing stock of Europe, as he thinks we are in danger of being, and he feels almost tempted to go into the "melting pot" himself and, as an American citizen, show us just how our mistakes are to be righted. But unfortunately he is too busy elsewhere putting his own country right. With all our faults, however, it appears that Mr. Punch loves us still. He concludes by hoping that

"in my desire to be gen'al I have not been too flattering. No true friend ever flatters, and in my heart, which has some of our common blood in it, notoriously thicker than water, I cannot help loving your country, and would love it better still if only it gave me a better chance. Indeed, I belong at home to a society for the promotion of Anglo-American friendship. More than that, [and here the sage was seen to probe into a voluminous and bulging breast pocket] I have brought with me a token of affection designed to stimulate mutual cordiality."

"Not a flask of whisky," exclaimed the representative of the democratic elevator, suddenly moved to animation.

"No, not that, not that, my child," said Mr. Punch, "but something far, far better for you, something that gives you, among other less serious matters, a record of the way in which we in England, with private troubles of our own

no easier than yours to bear and exhausted with twice as many years of sacrifice in the war of liberty, whose colossal effigy I have just had the pleasure to remark, still try to play an honorable part in that society of nations from which you

have apparently resolved for your better ease and comfort to cut yourselves off. Be good enough to accept, in the spirit of benevolence in which I offer it, this copy of my one hundred and fifty-ninth volume."

HOSTILE COMMENT ON AMERICAN FINANCE

THE article in the *Mercur de France*, for December 15, by M. Ferri-Pisani, should be read, pondered, and frankly answered by the ablest financial specialist in America. It is calculated to excite every bitter feeling, not alone against our financial policy, but against our Government, and even the American people itself. This is shown rather amusingly by a scornful repetition, even in the statistical tables, of the adjective "Yankee," evidently supposed by the writer to be quite as opprobrious as "dago," "chink," etc.

While written apparently quite without thought that any competent American would read it, much less essay a reply in either language, it shows unusual acquaintance with our country, the people's ways of utterance, and particularly with the spirit and possibly only half-conscious purpose of recent legislation and action. Its natural result would be to arouse efforts on at least three continents to thwart our selfish purposes, and involve us in the general financial ruin that seems impending over nearly all the nations who can fairly be called civilized.

A vivid sketch is first offered of the noisy fashion in which capital and labor, city man and farmer, employer and employee, insist on laying, each on the other, the responsibility for the high cost of living in the United States, although the real chief cause here, as elsewhere, is seen to be the impoverishment of mankind by the war. The writer estimates the total real wealth of the belligerents in 1914 as six hundred billions, and counts the wastage of the four years' war as nearly two-thirds as much—a terrible mortgage on the efforts of generations yet unborn. Inventing, probably, for his purpose, an aggrieved gold-hunter who complains that his nuggets are worth, in any or all the necessities of his simple life, hardly a third of what they would purchase five or six years ago, the writer argues that gold, alone of all commodities, and the one most loudly demanded to-day in every country but ours, has depreciated in value to such a de-

gree that the quest for it is already largely abandoned and the much-needed annual supply threatens to cease almost completely.

The Mining Congress of 1920 asked for a bounty of \$10 per ounce (50 per cent. *ad valorem*) on all gold mined in United States territory. The Bankers' Association retorted that our gold dollar carrying our paper money with it, had become the world's standard of value, and that such a premium would at once lower the exchange value of the dollar a third, or at least a fourth. It is a coincidence, if no more, that the writer's table assigns to the pound sterling an exchange value in dollars almost exactly one-third less than the comparative intrinsic value of the two coins. As to the truth of the general charge, no layman can pass intelligent judgment.

The essential fact seems to be that throughout these years of increasing worldwide poverty and suffering, we have been the one great creditor nation, raising our share of the world's gold, which is shipped from land to land to pay trade-balances, to much more than that of all the other belligerents together, in January, 1918. It is joyously added that the trade-balances against us since then in Asia, Africa, and South America, have drawn off one full billion of the three we then held, though Europe is represented as still lying helpless at our mercy, and as being progressively impoverished by our greed, or at least our cheerful readiness to exact the uttermost farthing in a destructive rate of exchange, such as a value of 6¾ cents, instead of the normal 18, now assigned to the franc of our most grateful and affectionate ally.

An acute and very prominent grievance is the immense additions constantly made to our already swollen currency, by the policy of the Federal Reserve Board, since the bank-notes issued by it, for instance on cotton, at harvesting time, in transit, at the factory, and again in the form of cloth, all remain in permanent circulation, though the conditions that called them forth pass by in swift suc-

cessions. In many cases, indeed, it is asserted that instead of representing real assets, these notes are actually based merely on debts. Here a cynical and bitter parallel is drawn with the Bolshevik issue of "Certificates of Labor," which have finally dragged all the paper money of the nation, with themselves, down to an absolute zero value.

Against the previous frantic efforts to destroy Russian capital, as well as Russian intelligence, altogether, the writer sets our squandering of much-needed gold on worthless jewelry, watches, and similar unfruitful and unbeautiful objects. Our exports are vigorously characterized as "dyes that run at the first washing, shoes of untanned leather, razors that will not shave, medicines that poison, socks that vanish in the first day's wear, suits of clothes that are shapeless, and deadly preserved foods: in general, exports from the Kingdom of Trash!"

The very extravagance of some among these charges shows but the more clearly the ill will which the writer feels and evidently counts upon also in his average reader. A "trade-war" is not altogether unaptly so named, for such retaliation quickly creates a state of mind in which each coun-

try concerned accepts the certainty of heavy loss in its fixed desire to inflict greater on "the enemy." That any further loss of wealth must to-day mean, in any country, still greater misery and countless deaths makes the parallel all too perfect.

In the closing pages it is argued that our apparent great increase in wealth is almost wholly due to the lessened purchasing power of the dollar, and also that our policies, logically carried out, may land us in much the same quagmire as Russia is blindly floundering in to-day.

One valuable, and doubtless trustworthy feature of this very important paper is the statistical tables, showing, *e. g.*, the gold reserves, the exchange values, the lessening amounts of gold actually mined in recent years, and the enormous increase of our own paper money—to which last our unrivalled use of checks, treasury-notes, pledging of Liberty Bonds, etc., are cynically added. Still other tables display our total debits and credits and the market-values, all but one seriously below par, of our chief industrial securities. A great financial storm on this continent is clearly foreseen, but there are no indications of undue concern on the part of the prophets.

THE PROBLEM OF KOREA

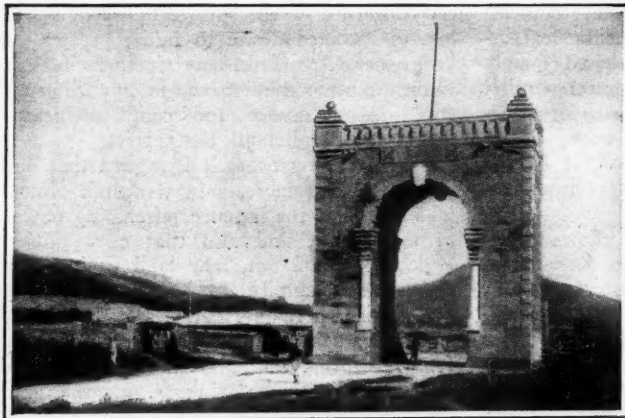
IN the *Asiatic Review* for January, Mr. F. A. McKenzie, who was the London *Daily Mail's* war correspondent in the Far East, writes on the subject of Korea's claims. Mr. McKenzie has been powerfully impressed by the extraordinary and dramatic developments in Korea during the past few years, the revival of nationality in a people whose patriotism was thought to be dead, the growing unrest, and the ever-increasing importance of the peninsula in settling the future of Eastern Asia. Mr. McKenzie is the author of the book on "Korea's Fight for Freedom," which was published last year.

While Mr. McKenzie maintains that no reasonable Japanese fully acquainted with the history of what has happened in Korea will deny that his country has been unfortunate and ill-advised in many of its actions there, he asserts at the same time that the Korean people themselves were at the start largely to blame for their own troubles, and that the corruption of their court, the ineptitude of their government, the apathy and passiveness

of their people generally, made them an easy prey. Japan's territorial position unquestionably gives her special claims for consideration in solving this Korean problem.

Undoubtedly the present condition of unrest in Korea threatens danger to the world at large in the possibilities which it offers to the Bolsheviks in their aggressive Far Eastern campaign. By tradition and instinct the leaders of the Korean independence movement are strongly opposed to Bolshevism. These leaders are both Christian and non-Christian, but are mostly of a scholarly, somewhat conservative, type. They are men of good family, and represent property rights. Suppose, however, that this independence movement should fail to win success on its present lines. In that event there is danger that other men will make an alliance with the Russian Soviets.

At the time when this article is being written the Foreign Department of the Soviet in Moscow regards Japan as its enemy. It can maintain, if it wishes, a long, harassing, exhausting war in



THE FAMOUS INDEPENDENCE ARCH, OUTSIDE OF WEST GATE, SEOUL

Eastern Siberia which may prove a real bleeding to death of Japan. The greater the Japanese victories on the field—no one who knows the Japanese armies as I do doubts that they will be considerable—the greater the final dangers for Japan. The further Japan was lured into Central Asia, the harder it would be to maintain her hold. Under such a contingency it would add greatly to the risks Japan was running to have at the base of her line of communications a country of seventeen million people hating Japan with a virulent hatred and looking for opportunity to damage her. It is to Japan's interests to avoid this. The attempt to crush Korea by military force has failed to do anything but produce greater unrest. The attempt at semi-conciliation has been an equal failure. For Japan completely to reverse her settled plan, to transform her annexation into a protectorate and to restore real self-government to the Korean people, would do more to allay the uneasiness of the West about recent developments in the Far East, to regain the waning confidence of the white races, and to restore peace to Asia than any other step.

In the problem of the relations of Japan and Korea Mr. McKenzie sees two dominating factors: (1) the imperial ambitions of the Japanese people and (2) the excessive pacifism of the Koreans. For centuries Japan has seen China as her great prize, but the conquest of China was only possible through the territory of Korea, and Japan could not dominate China until she had first dominated the Korean people. Thus in the great invasion at the close of the sixteenth century Korea was to be the way through which the Japanese armies were to march to Peking. The Chino-Japanese war of 1894 was begun by a quarrel over Korea, planned by Japanese statesmen for that purpose. There is no doubt that since Japan took over virtual control of Korea in 1904 she has aimed to make

the land a great highway through which troops and munitions can be thrown into central Asia. A railway and a fine system of roads and harbors have been built and developed with that central aim in view.

Now, if Japanese statesmanship still hugs this ambition, it will be idle to expect any great concessions for Korea. If Japan, as many claim, is still resolved to dominate China, to rule her people as we in the past ruled India, and to secure a virtual monopoly of most of her natural resources, then she cannot afford to abandon any fragment of Korean power. She must,

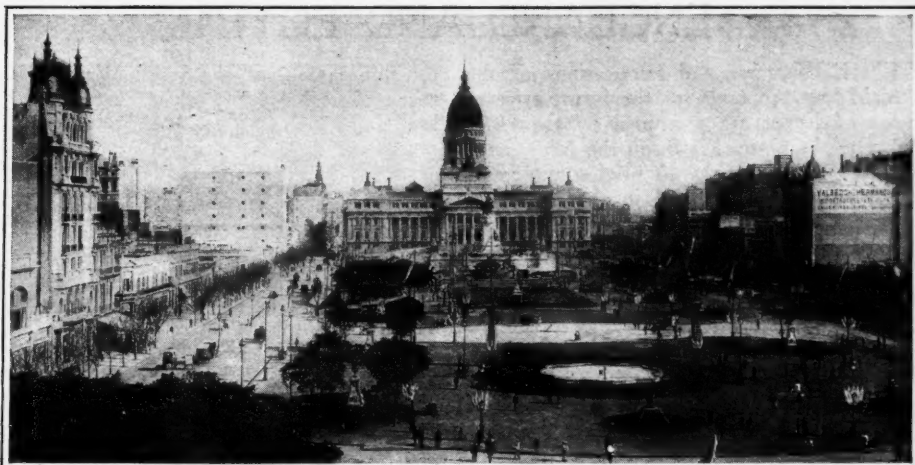
until the conquest of China is complete, remain in absolute dominating military possession of the land.

If, on the other hand, more enlightened views are prevailing in Japan, if her statesmen are coming to see that they will secure greater glory for their empire and greater safety for the world by friendly coöperation with an independent China, then there is hope.

In Mr. McKenzie's view the one remedy for Korean unrest which Japan can successfully apply is this:

Let Japan leave the Korean people to conduct their own internal affairs. She might reasonably, from her point of view, demand securities against the alienation of Korean land to any foreign power or the establishment of authority by any foreign power in Korea. Let her call a real assembly of the Korean people, and give a definite time during which the process of restoring national government would be completed. Let her do the thing generously, taking a fair return for what she has spent, protecting fairly the interest of her nationals settled in Korea, and obtaining a pledge against special tariff disabilities.

In other words, let Japan do for Korea what America has done for Cuba, and what England is preparing to do for Egypt. Let her secure the support of the younger progressive element in the land. By such a course she would do more to wipe out the hateful memories of the past six years than in any other way. She would have not a dependency whose people regard her with hatred, but a neighbor proud to be associated with her. Her men of affairs would of necessity play a great part in Korean life because the Korean Government itself would, during the next generation at least, appeal to their more experienced ally for help, for advisers and for coöperation in their development. Japan by such an action would lose nothing except a nominal sovereignty over a revolting people; she would turn rebels into allies and prove to the world the baseless fabric on which the fears of the West concerning her imperial ambitions had been founded.



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PLAZA DE CONGRESO AND THE CAPITOL BUILDING, BUENOS AIRES

THE SOUTH AMERICAN METROPOLIS

THE well-known American traveler, Harry A. Franck, contributes to the *Century* an entertaining account of life in Buenos Aires, "the greatest city south of the United States." He confesses to his own surprise on finding the Argentine capital of today "the largest Spanish-speaking city on the globe, second only to Paris among the Latin cities of the world, equal to Philadelphia in population, resembling Chicago in extent as well as in situation, rivalling New York in many of its metropolitan features, and outdoing every city of our land in some of its civic improvements." It has "miles upon miles of modern wharves, surrounding artificial basins, capable of accommodating the largest ships in existence, backed by warehouses that measure their capacity in millions of tons."

A city ordinance forbids the height of a building to exceed one and one-third the width of the street it faces. The city also rewards those who most successfully carry out the accepted conception of civic improvement. Every year the building judged to be the greatest addition to the city's beauty receives a bronze facade-plate, and is relieved for the first ten years from the burden of taxes. Transportation is supplied by surface tram cars and a subway.

Concerning the human element in the city's growth, Mr. Franck says:

The newcomer will look in vain for any costume he could not find on the streets of Paris or

Rome; the wild *gauchos* from the pampa, the beggars on horseback, the picturesque Carmelite monks and nuns that troop through the pages of "Amalia" and kindred stories of the past century are as scarce as feather-decked Indians along Broadway. No city of our own land is more completely "citified" than the Argentine capital. Though there has been far less European immigration to the Argentine Republic than to the United States, as yet—a mere five million who came to stay up to the beginning of the great war—a disproportionate number of these have remained in Buenos Aires. Fully half the population of the city is foreign born; it is an even bet on any man of this half that he came from Italy. The long-drawn vowels and doubled consonants of Italian speech are certain to be heard in every block, though more often as a foreign accent in the local tongue than in the native dialect of the speaker; for the Italian fits far more snugly into his environment in the Argentine than in the United States. He finds a language nearly enough like his own to be learned in a few weeks; there is a Latin atmosphere about the southern republic, and particularly its capital, which makes him feel so much at home that he is less inclined to segregate than in the colder Anglo-Saxon North. But as it is summer and grape-picking time in the bootleg peninsula when it is winter on the pampas, large numbers of Italians flit back and forth like migratory birds from one harvest to the other, or to spend the money earned where it is plentiful in the place where it will buy the most.

After the Spaniard there are French, English, and German residents, decreasing in proportion in the order named, and there are Americans enough to form a champion baseball team and fling their challenges as far away as Montevideo.

Hebrew citizens support several synagogues and a company of Yiddish players.

ENGLAND AND EGYPT

THE character and implications of the Milner proposals for the future government of Egypt are examined by the Hon. W. Ormsby Gore, M. P., in the *Nineteenth Century* (December). A brief summary of the report was published in the *Times* of August 24 last, and the full document appeared in the same paper on November 10. The one definite step that has been taken is the opening of negotiations with all the powers enjoying rights in Egypt under the capitulations for the transfer of their rights to Great Britain.

After a brief glance at the past and present history of Egypt, Mr. Gore deals with the Nationalist reservations, particularly as regards the Sudan:

The Sudan to-day is a territory of nearly 1,000,000 square miles in extent with a scattered population of 4,000,000 governed by about 110 British officers and officials (excluding technical staff) distributed over fourteen provinces. The northern part of the Sudan is inhabited by Arab tribes generally nomad, and the southern by Negroid Central African tribes. The military garrison consists of about 15,000 men, of whom the bulk are black, Arab, and Egyptian units with a small British force consisting of one battalion of infantry and a detachment of artillery. The Sudanese, whether Arab or Negro, are racially distinct from the Egyptians, and there is probably no part of King George's dominions where the population are more loyal and contented with British rule.

Of this we can be fairly confident—that the Egyptians would not succeed in governing the Sudan if the British withdrew, and it is doubtful whether they would long be able to prevent the nomad Arabs of the northern Sudan from invading the southern provinces of Egypt. If as a result of the Milner proposals the Egyptian garrison is to be withdrawn from the Sudan it would be both advisable and wise if the present dual sovereignty were abolished in the Sudan and the Sudan finally proclaimed a British colony—security being given to Egypt in the treaty regarding the water necessary for Egypt's maintenance and further development. It should not be placed in the power of Egypt to prevent the development of irrigation in the Sudan, and it should be borne in mind that in years to come the further provision of water for both the Sudan and Egypt lies in works that will have to be undertaken not in Egypt, or even Sudan, but in Uganda.

Another factor is the Suez Canal, of which the control and maintenance depends upon the small "Sweet Water" Canal that runs alongside the Ship Canal. Unless British troops are in a position to maintain this fresh water supply, they will not be able to control

the ship canal; and the Sweet Water Canal takes off from the Nile about forty miles below Cairo.

Something must be said, too, regarding commerce and industry in Egypt. The Egyptians are good agriculturists and good stone-masons, but so far, with very few exceptions, they have not proved themselves capable of either industrial skill or modern commercial enterprise. The internal commerce of Egypt is mainly in the hands of Greeks, Italians, French, Jews and Syrians. The few industries of the country, such as cigarette-making, cotton ginning, and sugar-manufacturing, are the result of foreign enterprise, foreign capital, and foreign management.

The bulk of the Egyptians are illiterate and so easily oppressed. This should be borne in mind in settling the future conditions of the Government.

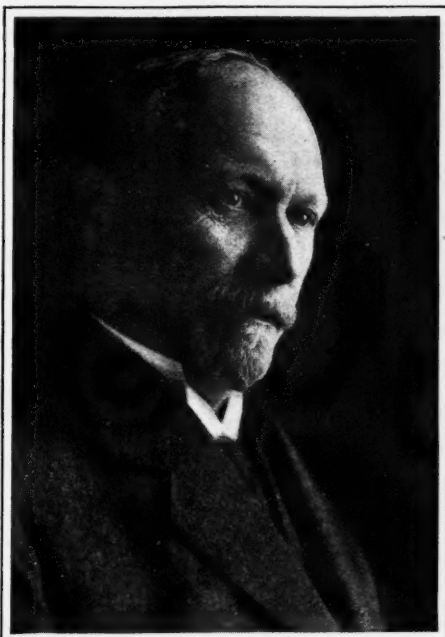
The existing legislative assembly, based as it is upon indirect election, really gives no guarantee of protection to the fellahen against the wealthy and educated classes, and it is to be hoped that in any new constitution for Egypt, real political power will be placed in the hands of the agricultural majority, and that they should be assured a position and a say in the government of Egypt which will enable them to protect their interests.

Next, as to the capitulations. Treaties will be required between Great Britain and all the powers enjoying rights under the present management, providing for the transfer of such right to Great Britain.

The proposals of the Mission do not contain any provision whereby Egypt is to become a party to such treaties with the capitulatory powers, and it would seem on the face of it that this was a serious omission if procedure by treaty is to be the governing consideration in the determination of the future status of Egypt in the world. Procedure by treaty, involving the recognition of Egypt as a constitutional monarchy with representative institutions, cuts at the root of the "protectorate" which has been recognized by the powers signatory to the Treaties of Versailles and Sèvres, and of the United States of America.

What will become of the British right to select the ruler in whose name the Government of the country has been carried on? If this disappears, the protectorate automatically goes, too, since, with Egypt as a constitutional monarchy, the succession to the rulership would be determined by the law of the constitution, whatever that may be. In point of fact Egypt has hitherto been neither a dominion nor a dependency.

SMUTS, THE STATESMAN



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PREMIER JAN C. SMUTS, OF THE UNION OF
SOUTH AFRICA

DURING the war and the ensuing peace negotiations the world became familiar with the figure of General J. C. Smuts, of South Africa, in the character of world statesman. His early and sustained interest in the League of Nations idea, the part that he took in the Paris negotiations and his signing of the treaty under protest, because he believed it was uneconomic, made him a marked man in the restricted group of real leaders who emerged from the war. Americans who met General Smuts during the years 1918-1919 were impressed by the range of his information, the grasp that he seemed to have on current world problems.

The American correspondent, Isaac F. Marcossion, recently visited General Smuts and his home in South Africa, and in *The Saturday Evening Post* (Philadelphia) for January 8th he describes the local environment and outlines some of the difficulties with which Smuts has to contend in his official career. He is now the Prime Minister of the Union of South Africa, the political heir, as it were, of General Louis Botha. In the general election, held early in 1920, the South African party, of which Smuts is the leader,

was defeated by the Nationalists, who returned a majority of four in Parliament. This left Smuts to carry on his government with a minority. At the same time the Labor Party increased its representation, while the Unionists (English-speaking) sustained severe losses. Yet Smuts managed to retain power during the five months' session of Parliament, avoiding a sharp division. Mr. Marcossion points out that Smuts' skill as a diplomat contributed largely to his success in dealing with Parliament.

Mr. Marcossion observes that no one can have contact with Smuts without feeling at once his intense admiration for America. One of his great ambitions is to come to the United States. His chief interest is in the direction of scientific farming, as realized in our great West.

I was amazed at his knowledge of American literature. He knows Hamilton backward, has read diligently about the life and times of Washington, and is familiar with Irving, Poe, Hawthorne, and Emerson. One reason why he admires the first American President is because he was a farmer. Smuts knows as much about rotation of crops and successful chicken raising as he does about law and politics. He said: "I am an 80 per cent. farmer and a Boer, and most people think a Boer is a barbarian."

Smuts is more many-sided than any other contemporary Prime Minister, and, for that matter, those who have gone into retirement—that is, men like Asquith in England and Clémenceau in France. Among world statesmen the only mind comparable with his is that of Woodrow Wilson. They share in common a high intellectuality. But Wilson in his prime lacked the horse sense and the accurate knowledge of men and practical affairs which are among the chief Smuts assets.

Mr. Marcossion characterizes Smuts as one of the best read men he has ever met. His range includes Joseph Conrad, Kant, Booker Washington and Tolstoy. He astonished Mr. Marcossion by referring to possum pie, which he said he had read about in Joel Chandler Harris' books. "Then he proceeded to tell me what a great institution Bre'r Rabbit was." When Mr. Marcossion quoted two lines of German poetry that he considered beautiful, remarking that he thought Heine was the author, Smuts corrected him by proving that they were written by Schiller.

Of the Smuts personal appearance Mr. Marcossion says:

His forehead is lofty, his nose arched, his mouth large. You know that his blond beard veils a strong jaw. The eyes are reminiscent of

those marvelous orbs of Marshal Foch, only they are blue, haunting, and at times inexorable. Yet they can light up with humor and glow with friendliness.

Smuts is essentially an out-of-doors person, and his body is wiry and rangy. He has the stride of a man seasoned to the long march and who is equally at home in the saddle. He speaks with

vigor and at times not without emotion. The Boer is not a particularly demonstrative person, and Smuts has some of the racial reserve. His personality betokens potential strength, a suggestion of the unplumbed reserve that keeps people guessing. This applies to his mental as well as his physical capacity. Frankly cordial, he resents familiarity.

ILLITERACY IN THE UNITED STATES

THE partial inventory of our population incident to the Draft revealed nothing more startling than the fact that illiteracy, far from being a rare exception in this country, is exceedingly and alarmingly prevalent among us. The details of this situation are probably not even yet familiar to the public. We therefore welcome a convenient synopsis of the subject, published in the *Scientific American* by Dr. Winthrop Talbot, author of several federal bulletins on the same theme. The article does not deal especially with the statistics of the Draft, but Dr. Talbot says in regard thereto:

Heretofore we have prided ourselves upon our literacy. We have taken it for granted that every American could read and write. But the result of the Draft showed us that nearly a third of the picked manhood of the nation were unschooled to the point where they could not be accepted as soldiers because they could not understand military instructions of the most elementary sort. Scores of thousands could not distinguish between right hand and left hand. Those who could not read a word included native-born whites and negroes as well as foreign-born.

With respect to the population in general, it is stated that about 10 per cent. of the adult inhabitants of this country are technically "illiterate," i. e., unable to read a word in any language. This is, however, only the beginning of the story. Thus, of the million American boys who reach the age of eighteen each year,

in addition to the one hundred thousand technical illiterates, two hundred thousand more have not had more than two years of schooling or 320 days, and about half of them have had but one year, or 160 days of attendance at school. These two hundred thousand boys are practically illiterate, for they have left school so young that as men they have retained but little of their schooling. More than half of the million barely reach the sixth grade, and a scant hundred thousand ever get as far as high school.

Less than 10 per cent. of all males get any kind of vocational or trade training at school. Fifty thousand of our million 18-year-olds do not speak any English at all. Among the million youths physical defects are general, due in large measure to ignorance. Two hundred thousand of the million would be rejected as unfit to serve the

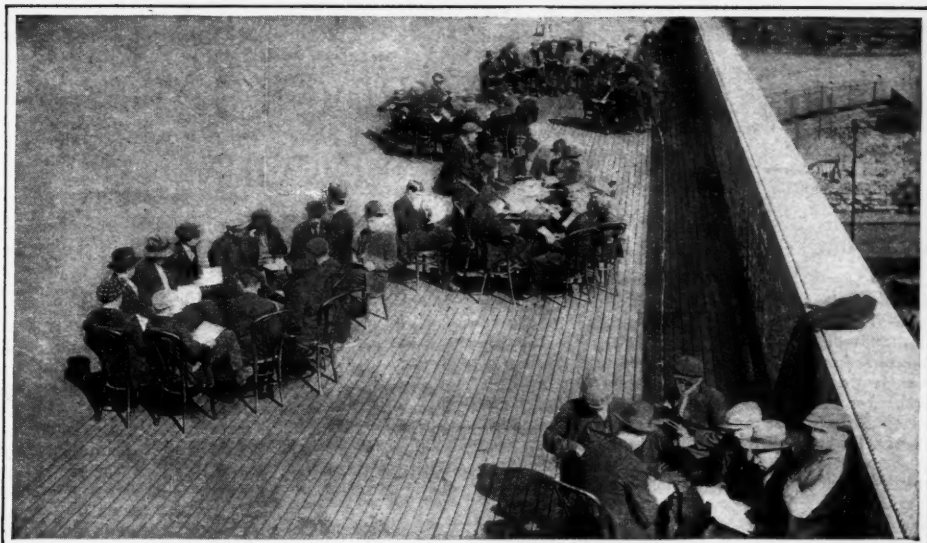
country because of extreme physical, moral, or mental defects. We certainly cannot congratulate ourselves upon any alarmingly high standards or effective results in our schooling of youth in America thus far.

It would be an egregious blunder to attribute our bad showing in the matter of illiteracy to the presence of a large element of ignorant foreigners in our midst. In 1910 there were five and a half million adults in the United States who could not read a word of any language, and only a million and a half of these were foreign-born. Since that time, however, the percentage of foreign-born illiterates has increased.

Now in 1920 we have nearly two million and a half illiterate aliens who cannot read a word even in their own languages. For example, from 1910 to 1914, inclusive, we admitted 971,366 immigrants from southern Italy and of these 415,806, or 49 per cent., could not sign their names or read even the simplest Italian words. These are technical illiterates, but almost all Armenians, Turks, Russians, Bulgarians, Ukrainians, Croats, and Yiddish-speaking peoples come practically illiterate to America, even though they may be able to read and write in their own languages, because their script and printed letter forms are quite different from ours.

The near-illiterate, or those who can barely write their names and who decipher words only with difficulty, are nearly four times as numerous as the technically illiterate. If now we take into consideration our negro population and unschooled native whites, it is easily grasped that in our total population we are all seriously handicapped by the intellectual dependency and mental pauperism of one-quarter of our American population. This vast number, more than twenty-five millions, is cut off from ability to share properly in our national life. They form the drag on labor. They contribute mainly to our defective and criminal classes. They are the "examples" of our radical agitators.

Seventy per cent. of industrial accidents occur to persons who require the services of an interpreter in presenting their claims. In most cases those who are injured are unable to read even a danger sign. A quarter of a million dollars a day is a moderate estimate of the cost of the illiterate to industry in the United States for accidents only, due in large measure to inability to read a danger sign or to understand ordinary safety instructions, and because of lack of a common language.



FOREIGN-BORN WORKINGMEN LEARNING ENGLISH ON THE ROOF OF AN AKRON (O.) FACTORY BUILDING

(An antidote for the irresponsible preachings of apostles of discontent and violence is a proper understanding of American principles and institutions, which can not be had if the alien worker is unable to learn the language of the country. The Inter-Racial Council, of New York, has made this an important feature of its work)

It is generally known that steel and coal strikes with their attendant loss of production and wage, as well as strikes occurring in other industries employing large numbers of foreigners, are fomented readily because of inevitable misunderstandings due to diversity of speech. In many industrial plants twenty or more races of men are employed speaking as many languages, unable to read common work notices, and thus incapable of ready assimilation or industrial teamwork.

The public schools of this country have hitherto made but the slightest provision for teaching adults; and at the present time even the teaching of the young is deplorably inadequate, owing to an unprecedented shortage of teachers and other features of the general economic situation.

Evening schools reach only a few of the most ambitious, for the majority of those who cannot read or write or speak our language cannot go to school. Evening schools in New York City have succeeded in the course of a year in reaching scarcely one-half of one per cent. of the hundreds of thousands of illiterate aliens. The reasons are many: Industrial fatigue, family obli-

gations, lack of means, and especially faulty school methods and failure to arouse and maintain interest.

A practical and effective method of teaching the illiterate to read is the institution of public school classes in the places of employment. The first workers' class was instituted in 1913 in New York City. There are now more than a thousand such classes in industrial establishments everywhere. In Chicago alone there are several hundred such classes in successful operation. It is not practicable to carry on these classes with complete success unless provision is made for attendance without loss of pay during daylight hours. An hour a day five days a week should be given during the period of instruction.

The latest developments in methods of instruction are Self Help Lessons in American to be put into the hands of the learner himself, and so arranged in method and manner as to be interesting and capable of being used without the aid necessarily of a trained instructor. Such elementary graded progressive lessons provide a language machinery which an adult can use successfully with slight help perhaps from a child who goes to American public school or from some friend who has had a little schooling. Such lessons can eventually be put in the hands of everyone.



THE NEW BOOKS

MEMORIES OF LINCOLN

Abraham Lincoln—Man of God. By John Wesley Hill. G. P. Putnam's Sons. 416 pp.

There has always been more or less discussion of Lincoln's religious faith. Indeed no analysis of his character would be in any sense adequate if that aspect of it were neglected. Yet it must be confessed that a great part of this discussion was futile, misdirected and narrow. In his lifetime prevalent habits of thought both within and without the Christian Church may have tended to put Lincoln in a false position. At any rate it is now clear that he was not generally understood. The years have brought clarification, as they have deepened our reverence for the Christ-like spirit of the author of the Second Inaugural. Chancellor Hill, of Lincoln University, gives in this volume an interpretation of Lincoln as a Man of God. It is not a portrait of a theologian—still less of a sectarian, for Lincoln abhorred denominationalism—but the simple and yet profound faith of a man ruled by his convictions that Dr. Hill pictures for us. Lincoln's deeds, not less than his recorded words, amply justify the title of this book. President-elect Harding wrote an introduction, and General Leonard Wood a foreword for the volume.

Lincoln—The World Emancipator. By John Drinkwater. Houghton Mifflin Company. 118 pp.

The author of the successful play, "Abraham Lincoln," presents in this little book a somewhat

unusual estimate of Lincoln as a world statesman. Nothing could more clearly illustrate the recent tendency among English-speaking peoples the world over to lay claim upon the American rail-splitter as the embodiment of all that is most worth preserving and glorifying in Anglo-Saxon democracy. The concluding chapter on "Lincoln and the Artists" pays hearty tribute to the sculpture of Saint-Gaudens and George Grey Barnard.

The Paternity of Abraham Lincoln. By William E. Barton. George H. Doran Company. 414 pp.

In this volume Dr. Barton presents documentary evidence as to Lincoln's paternity, far exceeding in scope and definiteness the knowledge that Lincoln himself had of the matter. The work in this field has now been completed once for all. Nothing of importance can be added to the volume of testimony collected by Dr. Barton, and the conclusion that Abraham was the son of Thomas Lincoln is established beyond question.

The American Soul. By Dr. Charles S. Farriss. Boston: The Stratford Company, 89 pp. Ill.

Well-written appreciations of four great Americans—Washington, Lincoln, Lee and Roosevelt. Dr. Farriss derives from the careers of these great leaders a lesson for the Americans of to-day.

ECHOES OF THE GREAT WAR

The General Staff and Its Problems. By General Ludendorff. E. P. Dutton & Company. Vol. I. 370 pp. Vol. II. 720 pp.

The general public in the Allied countries can hardly be expected to have as keen an interest in this documentary publication by General Ludendorff as it took in his earlier work, "My War Memories." In the new book General Ludendorff unfolds the history of the relations between the High Command and the German Imperial Government as revealed by official documents. His purpose, as he himself states it, "is to bring home to every German that a peace of understanding was unattainable and to reveal how much was kept secret from the supreme command by the Imperial Government." In short, these two rather formidable volumes are intended as a vindication and defense of Generals Ludendorff and Hindenburg in the court of German public opinion.

The Strategy on the Western Front. (1914-1918.) By Herbert Howland Sargent. Chicago: A. C. McClurg & Co. 261 pp. With maps.

A clear and succinct analysis of Germany's strategic operations and the plans of the Allies by which they were countered. Colonel Sargent is a retired officer of the United States Army, a military historian and strategist of marked ability, whose writings in this field have met with general commendation from army men.

Italy and the World War. By Thomas Nelson Page. Charles Scribner's Sons. 422 pp. With maps.

As a close observer of all that went on in Italy during the entire period of the war, former Ambassador Page is well qualified to tell the story of Italy's participation, and to describe the diffi-

culties that the nation encountered after the victory. Throughout the narrative Mr. Page's profound sympathy with the Italian people is manifest. His purpose is to present the conditions which confronted Italy on entering the war in such a way that outside readers will be better able to appreciate the great national qualities displayed in the conflict. In a chapter entitled, "The Pact of London and the President's Principles," Mr. Page explains the traditional Italian attitude toward Jugoslav aspirations. In a later chapter he states that in spite of the feeling among the Italians that their cause had been betrayed by President Wilson at a critical moment no act of rudeness was reported to have been offered to any American in Italy.

With the Doughboy in France. By Edward Hungerford. Macmillan. 291 pp. Ill.

Only in piecemeal are we getting the story of the tremendous enterprise of the Red Cross in war time. In this book Mr. Hungerford gives us what he modestly terms "a few chapters of an American effort—the work of the Red Cross with our troops in France." It is a lively, inspiring story from the first chapter, describing America's great awakening, to the one that re-

lates the happenings after the armistice, "when Johnny came marching home." Each of the varied activities of the Red Cross is described in detail—"The Problem of Transport," "The Red Cross as a Department Store," "The Red Cross in the Hospitals," and "The Girl Who Went to War." The author's own characterization of his book, as "a picture of America on a big job," well epitomizes his purpose. The Red Cross was Uncle Sam's agent in the work.

The Passing Legions. By George Buchanan Fife. Macmillan. 369 pp. Ill.

Another account of American Red Cross war service—in this case back of the lines where the work, if less spectacular, was yet oftentimes as necessary and as helpful to the final result as that done nearer the battlefield. When we speak of the transportation of American troops to France we often overlook the fact that a million of those soldiers passed through England. But the Red Cross never forgot it, and from first to last was constantly ministering to the needs of these men. Many wounded men coming back from the firing line were also cared for, and the story of this whole wonderful work is dramatically told by Mr. Fife in "The Passing Legions."

YESTERDAY AND TO-DAY IN OUR FAR WEST AND SOUTHWEST

Californian Trails: An Intimate Guide to the Old Missions. By Trowbridge Hall. Macmillan. 243 pp. Ill.

The American reading public, and especially that large section of it which journeys each winter to the Pacific Coast, never seems to weary of the story that has been told again and again, in varied form, of the old California Missions. Mr. Trowbridge Hall gives us the most recent account, based, of course, like all its predecessors of any value on the researches of Bancroft, Hittell, and Father Engelhardt. The book is illustrated with views of nearly all the missions in either their past or present estates.

Alaska Man's Luck. By Hjalmar Rutzebeck. Boni and Liveright. 260 pp.

The story of a young Dane who had a series of surprising adventures in the Far North.

The Splendid Wayfaring. By John G. Neihardt. Macmillan. 290 pp. Ill.

Mr. Neihardt, better known as a poet than as an historian, has for the subject of this prose story one of the truly dramatic themes of American history. He relates the exploits and adventures of Jedediah Smith and his comrades, the Ashley-Henry men who discovered and explored the great central route from the Missouri River to the Pacific Ocean during the years 1822-31. Almost a century has passed since these pioneers made their way across the continent. Strangely enough, their names have not even been men-

tioned in the text-books studied by the school children of those Western States that have been carved out of the country that they explored and opened to civilization.

Southwest Sketches. By J. A. Munk. G. P. Putnam's Sons. 311 pp. Ill.

The author of these sketches, Dr. J. A. Munk, is not only well acquainted with the mountains and deserts of Arizona, especially with several of the less-known parts of the State, but is an indefatigable collector of all printed materials relating to the region. His collection of 11,000 volumes of *Arizoniana* was presented some years ago to the Southwest Museum at Los Angeles. Many excellent photographic illustrations accompany the descriptive text of "Southwest Sketches."

The Diary of a Forty-Niner. By Chauncey L. Canfield. Houghton Mifflin Company. 253 pp.

A vivid account of the adventures and day's work of a California gold-miner in the early '50s. The diary came to light more than fifty years after it had been written, and was published at San Francisco just before the great earthquake and fire of 1906. The original plates having been destroyed, there was a demand for a new edition. Mr. Canfield has identified the author, as well as the various persons referred to in the diary, and has verified the incidents and happenings narrated in the text. He vouches for the veracity and faithfulness of this pioneer miner's picture of his life and environment.

INTERNATIONAL RELATIONS

American Liberty Enlightening the World. By Henry Churchill Semple. G. P. Putnam's Sons. 204 pp.

A discussion from the Roman Catholic standpoint of a moral basis for a world league for peace. The author takes as a model for an international court of arbitration the United States Supreme Court, which he regards as the unique glory of our country. The work is strongly commended by Cardinal Gibbons.

Taft Papers on the League of Nations. Edited by Theodore Marburg and Horace E. Flack. Macmillan. 340 pp.

This volume embodies much of the soundest thinking on the subject of the League of Nations that has thus far found expression in America. As Mr. Taft points out in his foreword, these addresses, articles and editorials were written when the issue was purely on the merits of the League as signed by President Wilson at Paris,

and by him submitted to the Senate. While he himself, had he been a Senator, would have voted for the League Covenant with or without reservations, he concedes that the issue is now wholly different from what it was in the beginning, and it is understood that he voted for Mr. Harding in the expectation that the League Covenant, with reservations, would ultimately be ratified.

L'Etat de Guerre and Projet de Paix Perpétuelle. By Jean Jacques Rousseau. G. P. Putnam's Sons. 90 pp.

A republication in the original French of two of Rousseau's famous essays. In an illuminating foreword Major George Haven Putnam reviews the several schemes for insuring the peace of the world, and shows that Rousseau was the first and by far the greatest of the thinkers who based the hopes for world peace not upon compacts or agreements among monarchs but upon the will and combined action of the peoples themselves.

OTHER BOOKS ON TIMELY SUBJECTS

The Groping Giant. By William Adams Brown, Jr. New Haven: Yale University Press. 204 pp.

What I Saw in Russia. By George Lansbury. Boni and Liveright. 172 pp.

The Bolsheviek Adventure. By John Pollock. E. P. Dutton and Company. 289 pp.

The Russian Peasant and The Revolution. By Maurice G. Hindus. Henry Holt and Company. 327 pp.

The Passing of the New Freedom. By James M. Beck. George H. Doran Company. 169 pp.

The American Democracy. By S. E. Forman. The Century Company. 474 pp. Ill.

People of Destiny. By Philip Gibbs. Harper & Brothers. 197 pp.

The Financial Policy of Corporations. By Arthur Stone Dewing. In five volumes. Volume I. Corporate Securities. 154 pp. Volume II. Promotion. 173 pp. Volume III. The Administration of Income. 164 pp. Volume IV. Expansion. 234 pp. Volume V. Failure and Reorganization. 228 pp. The Ronald Press Company.

The Modern Trust Company. By Franklin B. Kirkbride, J. E. Sterrett and H. Parker Willis. Macmillan. 549 pp.

The Great Game of Business. By J. George Frederick. D. Appleton and Company. 175 pp.

Problems in Foreign Exchange. By Martin J. Shugrue. D. Appleton and Company. 173 pp.

The Position of the Laborer in a System of Nationalism. By Edgar S. Furniss. Houghton Mifflin Company. 260 pp.

Principles of Labor Legislation. By John R. Commons and John B. Andrews. Harper & Brothers. 550 pp.

Labor in Politics or Class versus Country. By Charles Norman Fay. Cambridge: The University Press. 284 pp.

The Meaning of Socialism. By J. Bruce Glasier. With an Introduction by J. A. Hobson. Thomas Seltzer. 249 pp.

These Things Shall Be. By George Lansbury. B. W. Huebsch. 96 pp.

The Amalgamated Association of Iron, Steel and Tin Workers. By Jesse S. Robinson. Baltimore: The Johns Hopkins Press. 166 pages.

The Steel Strike of 1919. By the Commission of Inquiry, The Interchurch World Movement. With the technical assistance of the Bureau of Industrial Research, New York. Harcourt, Brace and Howe. 277 pp.